



## 1. Project Data

<b>Project ID</b> P126507	<b>Project Name</b> -HCMC Green Transport Development	
<b>Country</b> Viet Nam	<b>Practice Area(Lead)</b> Transport	
<b>L/C/TF Number(s)</b> IDA-56540,TF-A2457	<b>Closing Date (Original)</b> 31-Dec-2020	<b>Total Project Cost (USD)</b> 1,643,502.19
<b>Bank Approval Date</b> 29-May-2015	<b>Closing Date (Actual)</b> 31-Dec-2023	
	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>
Original Commitment	124,000,000.00	5,261,000.00
Revised Commitment	8,484,159.63	0.00
Actual	1,643,502.19	0.00

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## 2. Project Objectives and Components

### a. Objectives

The Project Development Objective (PDO) is “To improve the performance and efficiency of public transport along a high priority corridor in Ho Chi Minh City” (Grant agreement p. 4). The PDO formulation in the PAD is identical (PAD, p. 5).

The PDO will be parsed, for the purpose of this review as follows:

- To improve the performance of public transport along a high priority corridor in Ho Chi Minh City



- To improve the efficiency of public transport along a high priority corridor in Ho Chi Minh City

**b. Were the project objectives/key associated outcome targets revised during implementation?**

Yes

**Did the Board approve the revised objectives/key associated outcome targets?**

No

**c. Will a split evaluation be undertaken?**

No

**d. Components**

**Component 1: Bus Rapid Transit Corridor Development. Total Cost at appraisal: US\$122.80 million (of which IDA US\$110.36 million); actual cost: US\$1.64 million.** This component was to develop a Bus Rapid Transit (BRT) corridor between An Lac, in the southwest of Ho Chi Minh City (HCMC), to Rach Chiec, in the northeast of HCMC, and included the following: (a) Carrying out the construction and supervision of the BRT infrastructure and facilities; (b) Improvement of the traffic management system, including the modification of intersection controls and the deployment of an intelligent transport system and associated technologies; (c) Development of a fare collection system, including smart cards and servers; (d) Provision of BRT vehicles and fueling facilities; (e) Carrying out integrated planning and urban development measures around BRT stations; (f) Carrying out of marketing and public communication activities; (g) Provision of support for Project management; and (h) Land acquisition and resettlement.

**Component 2: Institutional Strengthening (Total cost at appraisal: US\$5.00 million, of which IDA US\$5.00 million; actual cost: US\$ 0 million).** This component included the following activities: (a) Carrying out of training programs and technical support for relevant implementing agencies in project management, urban transport planning and public transport operation, including strategic support for the operation of the BRT system; (b) Carrying out of monitoring and evaluation activities, including the assessment of the BRT system success on an on-going basis; (c) Carrying out of feasibility and design studies for maximizing connectivity and ridership and continued development of the BRT system; and (d) Carrying out of a study to develop the optimal fare structure and fare product range for the public transportation system.

The following three components were approved with the AF in Jan 2020:

**Component 3: Integrated Urban Development (at appraisal : US\$5 million; actual: US\$ 0 million).**

This component aimed at enabling integrated and transit-oriented urban development (TOD) around the BRT corridor with the following sub-components: (i) Creating the foundation for TOD, through the amendment of existing urban design and district zoning plans. Based on this, construction permits would be granted and the institutional capacity of HCMC would be strengthened, (ii) Leveraging the private sector to engage it in the TOD, by developing legal, regulatory and financial mechanisms such as land value-capturing and public-private partnerships, and (iii) the design and implementation of a Public Space Pilot Project, on existing public land along the BRT corridor in accordance with urban design, enhancing the connectivity and attractiveness of the BRT.



**Component 4: Transport Planning for Enhanced Connectivity (at appraisal: US\$ 4 million; actual: US\$ 0 million).** This component would support integration of the BRT system with other transport modes and consisted of the following sub-components: (i) Improving the BRT connectivity, including organization of feeder bus routes and improvement of non-motorized transport connections, and (ii) the design and implementation of a Connectivity Pilot Project, to provide non-motorized transport (NMT)-based last-kilometer connectivity solutions to/from BRT stations.

**Component 5: Capacity Strengthening (at appraisal: US\$1.5 million; actual: US\$ 0 million).** This component would strengthen: (i) the project management capacity of the "Transport Works Construction Investment Project Management Authority" of Ho Chi Minh City (TCIP) for implementation of the project and the AF activities, and (ii) the corporate and business capacity of modal authorities including the Department of Transport (DOT), and the Management Centre of Public Transport (MCPT), which had been assigned to perform as a Public Transport Authority agency (PTA) that integrates operations of all modes of public transport, and to institutionalize TOD.

#### **e. Comments on Project Cost, Financing, Borrower Contribution, and Dates**

**Project cost.** At appraisal, the total project cost was estimated at US\$ 124.0 million (IDA credit IDA-56540). Additional Financing (AF) was approved in January 2020 (TF-A2457) and added US \$10.5 million, which brought the total estimated project cost to US\$ 134.5 million. The AF grant closed in June 2022 with 0 amount disbursed. The IDA credit was cancelled on May 31, 2023. The actual project cost was US\$1.64 million. The percentage of project disbursement was 1.32%. There is a discrepancy in the document as the amount of US\$8,484,159.63 (ICR page 2, data sheet) is presented as the revised project amount. The Bank team clarified that the discrepancy was due to exchange rate fluctuations between XDR and USD.

**Financing.** The Project was financed through an IDA credit of US\$ 124 million (IDA-56540), approved in May 2015 and a grant from the Swiss State Secretariat for Economic Affairs (SECO) in the form of AF of US\$ 10.5 million.

**Borrower contribution.** At appraisal, the planned borrower contribution was US\$13.44 million. When the AF was approved, the agreed borrower contribution for the AF was US\$0.2 million. The actual borrower contribution was US\$ 0 million.

#### **Dates**

The IBRD IDA loan was approved in May 2015, and became effective in October 2015. The original closing date was December 2020. The actual closing date was December 2023, i.e., a 36 months' extension.

Additional Financing as approved in January 2020 (Report No: PAD3605). The grant aimed at scaling up activities to enhance the impact of the original project, introducing activities that aimed at integrating the project with the urban development in which it was inserted, in order to increase the accessibility of the public (connecting different transport modes) and the critical mass of users. The need for increasing the technical capacity of the borrower and inter-agency coordination was also identified as deserving stronger focus.

The December 2020 restructuring (Report No: RES44552) allowed for a project extension up to December 31, 2023. It contained revisions to indicators and disbursement estimates that concerned extending the



timeline of achievement of targets in the RF. Two of the outcome-level indicator targets were increased (i.e., number of workers and students accessing Thu Thiem Development within 45 minutes- with the sub-indicator of number of residents). Some of the training and technical support activities were cancelled from component 2 and organizational reforms in the institutional structure of the government were reflected (change in the name of project owner, 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 SECO TA trust fund TF0A2457 closed in June 2022, with no disbursements made. On December 28, 2021, the World Bank issued a threat of suspension to the Recipient, followed by a notice of suspension on July 1, 2022. The notice of suspension required that in order for the World Bank to lift the suspension of disbursements, HCMC must approve the detailed design and bidding documents for four key contracts, as the remedial action. In a meeting on September 19, 2022, the HCMC PC agreed that having the whole project cancelled was the best course of action. All activities stopped on December 31, 2022. On May 31, 2023, the undisbursed amount of the IDA credit was cancelled as the remedial action notified in the suspension notice had not been addressed by the Recipient for a period longer than 30 days after the issuance of the suspension notice.

A split evaluation is not necessary given that the changes during restructuring did not significantly affect the PDO or the key indicators.

### 3. Relevance of Objectives

#### Rationale

#### Context at Appraisal

Since Viet Nam adopted its economic reform policy in 1986, transitioning from a centrally planned economy to a market economy, the major cities experienced significant urban development. This spurred economic growth, which averaged 6.4 percent from 2000 to 2012. The national capital Hanoi, and the most populous city Ho Chi Minh City (HCMC) had solidified their status as the country’s two principal economic and industrial centers. To ensure continued strong economic performance and to achieve Viet Nam’s goal of successfully transitioning to a middle-income status, the national government was seeking to address infrastructure constraints to the country’s economic competitiveness, with a focus on the quality of urban infrastructure and services in the main cities, including the development of sustainable urban transport systems.

With 7.7 million inhabitants (in 2012) in HCMC and over 9 million in the metropolitan area, rapid urban development made urban transport planning challenging. The poor quality of public transport infrastructure and services resulted in a very low reliance and utilization of public transport and a heavy reliance on motorcycles; they accounted for almost two thirds (62%) of all daily trips, whereas buses accounted for 1.4%. This was impacting traffic performance, safety, and air quality in HCMC. Growing congestion and limited public transport options disproportionately affected the most vulnerable segments of the population – women, youth, the elderly, the disabled, the very poor, and in general anyone reliant on public transport. In terms of road safety, the casualty rate (including injuries and fatalities) in the An Lac - Rach Chiec corridor alone, increased 4.8 times between 2010 and 2013. The environmental effect was also concerning, as



almost all motorbikes operated on fossil fuels and contributed significantly to poor air quality in the city (ICR, page 5).

The World Bank had been involved in shaping Viet Nam's public transport agenda since the 2000's, considering Bus Rapid Transit (BRT) as a cost-effective alternative to metro. In the context of the CPS 2012-2016, the Government of Viet Nam approached the World Bank for support for its first BRT line in Hanoi, as a demonstration project intended to show the advantages of BRT in terms of performance and efficiency and help the authorities in HCMC to extract lessons for the implementation of the planned six-line BRT network.

Nonetheless, the political support for the project was underestimated. The Prime Minister, in a decision dated 8 April 2013, had already signaled the intention to replace the subject BRT line No. 1 (among other two lines) with a tram line in the future, as noted in the ICR, para 41.

### **Consistency with Country Strategy**

In 2008, HCMC's city government had approved the *Master Plan for Public Transport Development in Ho Chi Minh City to 2025*, including a hierarchical approach in which seven metro lines, three tramway lines, six BRT lines, and 212 bus lines together constituted an integrated transit system. The Master Plan sought to increase the supply and quality of public transport while regulating motorcycle use by enacting and enforcing regulations. The plan sought to raise the capacity of the public transport system to meet 25-30% of the total travel demand in the city, encouraging the use of public transport, reducing motor vehicle use, and improving traffic safety. The PDO was aligned with the country strategy at appraisal and continued to be at closing, as the strategy is a long-term vision to be achieved in 2025.

### **Consistency with Bank Strategies**

At appraisal, the Bank's assistance was shifting from a sectoral focus towards an integrated city-wide approach in support of the Country Partnership Strategy (CPS 2012-2016): competitiveness (developing a financing framework for integrated urban development), sustainability (promoting resilient urban development, including BRT, and focusing on environmental sustainability), and opportunity (improving low-income areas by upgrading basic infrastructure). The PDO was well aligned with the Bank strategy at appraisal.

The project's PDO remained relevant to the CPS for the period 2018-2022 (Report No. 111771-VN), as sustainable urban transport remained a key priority, focusing on more environmentally sustainable transport modes that would lower the GHG emission in the transport sector. At project closing, the need to improve urban mobility by promoting public transport and integrated urban growth had become even more relevant in HCMC, as its performance and efficiency remained a bottleneck for urban mobility until project closure. From 2012 to 2022, the population of HCMC grew from 7.7 million to 9.4 million (ICR page 6), motorization accelerated dramatically and the urban road network remains severely congested during peak hours.

### **Previous Bank experience**

The PAD highlighted a considerable amount of previous experience and lessons learned that the Bank had accumulated in the sector, outlining previous projects that financed the same public transport concept of BRT, in Lima (P035740), Bogotá (P006872 and P074726) and Colombia (P082466) (PAD, page 16 and 17). The Project Preparation Technical Assistance Facility for Vietnam and the IDF-financed Public Transport Authority Development Project (P144037) were reported to be instrumental in the preparation of



this project. While the project benefitted from previous experiences in other countries, it did not sufficiently address the political context in which the project was designed.

Even though the project was aligned with the country and Bank strategy, it failed to adequately account for the political context. The choice of BRT as the most optimum public transport strategy for HCMC could have been more rigorously analyzed at appraisal, especially in light of the weak political commitment. Thus, the overall relevance of the objectives is rated as Substantial.

## Rating

Substantial

## 4. Achievement of Objectives (Efficacy)

### OBJECTIVE 1

#### Objective

To improve performance of public transport along a high priority corridor in Ho Chi Minh City

#### Rationale

#### Theory of change (ToC)

The PAD does not include an explicit ToC. The ICR presents a logical and adequate ToC to achieve the PDO (page 7): .The activities of construction of the BRT , of transport management improvement and fare collection system (inputs), plus the activities regarding the trainings and operational support, the annual surveys and the studies (inputs) will lead to the construction of the transport facilities (output) and the improvement of traffic management (output), together with the raised awareness of the public (output) and the inter-agency planning and operation (output) were expected to lead to an increased usage and higher satisfaction of passengers, reduced travel time, improved accessibility for residential areas and a reduction of GHG emissions along the BRT corridor (outcomes). These, in turn, were expected to lead to an improved performance and efficiency of the public transport along the selected corridor (PDO1 and PDO2).

The logic of the ToC that applies more specifically to PDO1 (performance) concerns the outputs and intermediary outcomes that deal more directly with the setting up of the system, its operativity and its usage, thus the indicators reflecting number of passengers, people satisfied and travel time.

The outcome-level indicators related to PDO1 and the level of achievement of the targets are the following:

- Number of passengers per day using the BRT system. The original target was 28,300 passengers (target revised to 23,312). The result was 0, as no BRT was implemented. Not achieved.
- Percentage of people satisfied with the service provided by public transport, disaggregated by gender and income. The baseline was 30% and the target was 50%. This was not measured during the project as the BRT system was not implemented. Not achieved.



- Travel time by public transport along the project corridor, measured as in-vehicle time from An Lac to Ky Con (14.1 km): The initial travel time of 60 minutes (baseline) could not be reduced to the target of 37 minutes, since no BRT was implemented. Not achieved

The ICR does not report on any progress at the project output level. The lack of achievement of outcomes leads to a rating of Negligible for the efficacy of PDO1.

**Rating**  
Negligible

## **OBJECTIVE 2**

### **Objective**

To improve efficiency of public transport along a high priority corridor in Ho Chi Minh City

### **Rationale**

#### **ToC**

The ToC is the same as above. The logic of the ToC that applies more specifically to PDO2 (efficiency) concerns the outputs and outcomes regarding the increased accessibility of users and the reduction on GHG emissions.

No progress on outputs are reported in the ICR for PDO2.

The outcome-level indicators are the following:

- Number of workers and students accessing Thu Thiem Development within 45 minutes. The baseline was 1,122,000 users and the target was to increase that number by 168,000 people, thus a target of 1,290,000 people). Not achieved (no feeder routes or non-motorized transport upgrades were implemented under the project).
- Difference in greenhouse gas (GHG) emissions along the project corridor compared to the business-as-usual (BAU) case: the difference that was targeted was 23,000 tones/year (a reduction of that amount). Not achieved, as there was no shift from private vehicles usage to public transport.

The lack of achievement of outputs and outcomes lead to a rating of negligible for the efficacy of PDO2.

**Rating**  
Negligible

## **OVERALL EFFICACY**



**Rationale**

PDO1 and PDO2 are rated Negligible, which means an overall rating for efficacy of Negligible.

**Overall Efficacy Rating**  
Negligible

**Primary Reason**  
Low achievement

**5. Efficiency**

**Ex-ante analysis**

At Appraisal, a detailed cost-benefit analysis was conducted for the project, which shed an economic net present value (ENPV) of US\$120.56 million at a 12 percent discount rate. Over a life of 20 years (of which 16 years of operation), the project was expected to deliver an economic internal rate of return (EIRR) of 18.43% and an economic benefit-cost ratio (EBCR) of 1.59.

The main quantifiable economic benefits measured were passenger time savings, reduced vehicle operating costs, and improved traffic safety. Additional benefits, such as transport-related local emissions, noise reduction, gender equity, and access to employment opportunities, could not be quantified with enough certainty and thus were not included in the analysis. The main costs included in the model are the infrastructure investments required to support the BRT system (including BRT and Integrated Transport Systems), traffic engineering, system management and safety, land use improvements, operation and maintenance costs, and infrastructure maintenance.

**Ex-post analysis**

At completion, EIR, NPV, carbon emission reduction, and health benefits from improved air quality could not be calculated or estimated due to the lack of implementation progress. From the \$124 million IDA credit, a total of \$1.64 million was utilized for various consultancies, namely for the detailed design, implementation support, financial audit, and marketing and public communication, plus consulting services for a study on the re-organization of the city-wide bus network.

The project missed the opportunity to provide considerable benefits through time savings for passengers, reductions in vehicle operating costs, improved traffic safety, reduced vehicle congestion, reduced emissions of atmospheric pollutants, reduced traffic accidents, lower noise levels in the city, and benefits for vulnerable social groups.

**Operational and administrative efficiency**

Implementation was hampered at various stages due to the delays in the decision-making process by HCMC authorities, the reassessment of the project feasibility at an early phase, the difficulties in the preparation of a quality design and bidding package at intermediate stages, and the onset of the COVID19 pandemic.

The comments of the borrower to the ICR (Annex V) reveal that the borrower's assessment of the main causes for the lack of implementation relies on the unsatisfactory contractual relationship with the consulting firm in charge of elaborating the detailed design, which was a main deliverable without which further progress in the



project could not take place. The procurement context for such a contract did not allow for alternatives other than to try to make that relationship work, which proved impossible.

The project underwent over three years without implementation and was extended for another three years. Overall, efficiency is rated as Negligible.

### Efficiency Rating

Negligible

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

\* Refers to percent of total project cost for which ERR/FRR was calculated.

### 6. Outcome

Substantial relevance, negligible efficacy and negligible efficiency, give an overall rating of Highly Unsatisfactory.

#### a. Outcome Rating

Highly Unsatisfactory

### 7. Risk to Development Outcome

The following risks materialized and prevented the achievement of the outcome. Since the development outcomes of the operation have not been achieved, the various risks to achieving such an objective remain.

**Government ownership/commitment:** a project of this nature involves a strong and sustained political leadership that champions the project across ministries and public agencies over time.

**Technical risk:** The technical capacity of the client and the consulting services available for the main and initial deliverables need to meet a certain standard. The reinforcement of the PMU with additional technical expertise happened after the project had started.



**Institutional support risk:** The process of planning and implementing an integrated policy for urban transport requires the pre-existence of a coordinated institutional infrastructure in the country with sound inter-agency collaboration mechanisms. The risk materialized as the lack of these integrated institutional mechanisms hindered project implementation.

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

The PAD states that the project was conceived and designed following extensive consultations with critical stakeholders from government to civil society to public transport users (including household surveys and focus groups to understand the mobility needs of the potential users).

However, the ICR notes that the project design was highly ambitious, and it did not consider the previous experience and lessons learned for an engagement of this type. The project was founded on master plans and feasibility studies based on a traditional approach to focus on hard infrastructure, improvement of traffic capacity, and decongestion. However, the selection of BRT should have undergone a more thorough analysis at appraisal and involved pros and cons of all public transport technologies considering the needs of people, accessibility, integrated development of all transport modes, and the involvement of stakeholders and citizens using a transparent and participatory approach.

The political and governance risk was underestimated, and insufficient mitigation measures were proposed. The risk materialized, and leadership changes and shifts in government priorities took place soon after the project's commencement in 2016. The decision-making powers of political leaders and risk mitigations via an escalation process within the central government were not clear. On the technical side, the ICR (para 40) notes that considering the lessons learned from Hanoi BRT in retrospect, the project design did not incorporate some aspects and necessary components for a sustainable, attractive and efficient BRT system.

The rapidly changing environment in HCMC's transport sector was underestimated. The project preparation started in 2012 and the project was approved in 2015. This long gestation period in a rapidly changing city posed risks for project design. Traffic demand shifted towards other areas as initially investigated. The metro construction picking up around Ben Thanh station required that new multimodal connectivity requirements and design solutions be considered. The changing environment caused designs to be adjusted, traffic surveys to be re-done, and new branch lines to be added to the BRT corridor. These circumstances might have caused the authorities to re-assess the project in 2016 to confirm the feasibility of the investment in the new context.

The technical additions that were introduced with the AF came to complete what was lacking in the original design: the integration of the project into the bigger picture of the mobility system and a focus on accessibility and connectivity. The ICR points at key factors that were not sufficiently addressed in the original design: (i) a comprehensive package of priority actions and interventions (policies, investments, service improvements, new systems and mechanisms, and institutional development) (ii) inclusion of important interlinkages to the metro, non-motorized transport and transit-oriented development (TOD);



(iii) inter-related actions and policies, especially with regards to control of motorcycles and connectivity to other public transport modes; and (iv) coordinated action from multiple agencies and departments.

**Quality-at-Entry Rating**  
Unsatisfactory

**b. Quality of supervision**

The task team was proactive and gave technical guidance to the counterpart on the management approach, the detailed design and the strategic study outputs, the regulation, and the quality auditing. The task team consistently recommended to the client to mitigate the key risks identified. The quality of progress reporting by the task team to the World Bank management was high. Although the plan was to undertake quarterly missions only 2 missions per year took place in average. The team missed important opportunities to timely address arising project challenges.

A Mid-Term Review was planned to be conducted after 24 to 30 months of implementation (i.e. in 2017) but was deferred until mid 2021 due to implementation delays. This decision was detrimental as the structural problems were not addressed on time. At the restructuring process of December 2020, given the project declining ratings since 2016, more determined actions could have been decided. The first threat of suspension was only issued on December 28, 2021.

The AF was approved requesting a waiver from bank policy, as the project was not performing well. Despite the low performance, very low disbursement, substantial associated risks, and several consecutive ISRs rating the project MU or U, the AF was approved 5 years after implementation started. Both the AF and the restructurings failed to address the core underlying political and governance challenges, such as the technical capacity gaps, the adequacy of project design to the changing environment, the inadequacy of the results framework to measure progress towards achieving the PDO or the need to improve governance and delivery performance of both the borrower and the consultant in charge of the detailed design of the intervention. The World Bank team could have provided more hands-on support beyond monitoring of progress of implementation and could have empowered both the Borrower and the Consultant to take informed risks and implement robust risk mitigation measures.

Given the major shortcomings at both quality at entry and supervision, the overall Bank Performance is rated as Unsatisfactory.

**Quality of Supervision Rating**  
Unsatisfactory

**Overall Bank Performance Rating**  
Unsatisfactory

**9. M&E Design, Implementation, & Utilization**



### **a. M&E Design**

At appraisal, the PAD (page 11 and Annex I) presents a framework with a baseline and cumulative target values that were produced in different studies. The set of outcome-level indicators is adequate to measure the achievement of the PDO. Given the low capacity identified for HCMC authorities regarding M&E, the design included a comprehensive monitoring and evaluation study under Component 2. It was foreseen that a consultant would be hired to carry out the necessary measurements of the outcome and intermediate indicators. The responsibility for collecting the data rested on the Urban Civil Works Construction Investment Management Authority of Ho Chi Minh City (UCCI), where the PMU was. The intermediate indicators were to be tracked semiannually.

### **b. M&E Implementation**

Progress in the project was very much tributary to progress on the construction of the BRT, which did not happen. The use of the M&E system to measure progress and impact was very limited, not having activities to report on.

### **c. M&E Utilization**

Monitoring of progress towards project objectives, evaluating performance, and informing project management could not be done. The M&E framework could not be utilized to inform in any decision-making.

Given that the project activities were not implemented, M&E data on performance and results progress could not be collected. The absence of data impeded the evaluation of achievements relative to the stated objective or to examine the cause and effect relationship in the results chain. Thus, the M&E is rated as Negligible.

### **M&E Quality Rating**

Negligible

## **10. Other Issues**

### **a. Safeguards**

The project triggered the following safeguards:

The project was categorized as an Environmental Category B project and triggered the following safeguards:



OP 4.01 Environmental Assessment. The project was expected to bring about long-term environmental benefits and positive impacts on the lives of the people in Ho Chi Minh City and reduce traffic safety risks and emissions from private vehicles. The potential negative socio-environmental impacts were associated with rehabilitating and improving existing road infrastructure to support BRT operations, constructing BRT infrastructure, and other non-motorized transport infrastructure to facilitate access to BRT services.

The client prepared the Environmental Impact Assessment (EIA), which confirmed the potential adverse impacts of the project during site preparation and construction. Mitigation measures were to be designed to reduce the negative impacts. No construction occurred during the project, so no environmental impacts were identified.

OP 4.12 Involuntary Resettlement. The affected land for the construction of the BRT was about 13,3 ha of agricultural land, with a total of 15 households potentially affected. A Resettlement Action Plan (RAP) was prepared by the client and cleared by the Bank on July 28, 2020. Compensation payments were to be paid as per the Resettlement Policy Framework. A social assessment (SA) assessed the overall project's social impact.

The Resettlement Action Plan (RAP) was implemented in anticipation of the planned civil works. At the time of project closing, there were outstanding compensation issues, and a Post Closure Action Plan (PCAP) was prepared to address outstanding E&S issues in collaboration with the client and was cleared by RSA on June 5, 2023. As of November 2023, 4 cases were pending for various reasons, including disagreement on the compensation and legal documents needing correction. The cases are being addressed through the courts, and the compensation budget has been kept in escrow. The ICR notes that HCMC is committed to following up on these cases.

The Bank closed the PCAP (closure note, November 29, 2023) based on the following: (i) the pending issues, although having started with the Bank-funded project, fell under the responsibility of HCMC, given that the bank project was canceled; (ii) the minor scale of the pending issues, limited to mainly unused land except for two cases with renters; (iii) the arrangement in place within the client, by which the PMU, a permanent organization within HCMC continues to follow up with Thu Duc City Resettlement Committee; (IV) the active engagement of the bank with HCMC, including TCIP, for an ongoing technical assistance partnership.

The Project operated a Grievance Redress Mechanism accessible to affected households. Two complaints (one sent through the World Bank Grievance Redress Service) were received, resolved, and closed.

## b. Fiduciary Compliance

**Procurement.** During project preparation, appropriate attention was given to procurement risks and capacity constraints within the local government transport departments and PMU. The limited experience with the World Bank policy requirements at the local level in HCMC justified foreseeing adequate procurement training, clear procedures, and support of a competent project implementation support consultant.

During implementation, 4 out of 18 packages for consulting services were awarded. The largest contract (detailed design) suffered from contract execution and management challenges. Once the new authorities



had committed to the project content (issue that had cost several years delay to project implementation) the ToRs for the consultant underwent important changes in scope and timeline. The authorities (HCMC) estimated that the consultant was not qualified to follow through, and had a discussion with the World Bank on the opportunity to terminate the contract with the design consultant to carry out procurement to select a new consultant, but this solution was not supported by the World Bank. The contractual relationship remained but implementation never progressed.

At time of cancellation, there were four consultancy contracts with unpaid amounts which TCIP originally planned to pay with IDA proceeds after verifying these claims. Since the remaining balance of IDA was cancelled, HCMC must secure the needed counterpart funds to clear the payments with the consultants (in the context of a bi-partite contract between the client and the consultant).

**Financial Management.** Most aspects of financial management (accounting, internal controls, reporting, auditing) were properly maintained. Interim Financial Reports were submitted on time with acceptable quality. In 2017, an adequate allocation for the project was not made in HCMC Medium-Term Public Investment Plan (MTIP) for 2016-2020 in order to enable payments once project implementation got back on track. This was only resolved when the budget for 2019 was sufficiently allocated.

**c. Unintended impacts (Positive or Negative)**

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**d. Other**

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**11. Ratings**

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Highly Unsatisfactory	Highly Unsatisfactory	
Bank Performance	Moderately Unsatisfactory	Unsatisfactory	There are severe shortcomings in both Quality at Entry and Supervision.
Quality of M&E	Negligible	Negligible	
Quality of ICR	---	Substantial	

**12. Lessons**

The following lessons are selected as most relevant, from the ICR (rephrased):

**Transport projects may be more likely to succeed when there is an institutional framework with an established dynamic of cooperation and strong political leadership.** Maintaining a high-level political ‘champion’ and dedicated technical focal points who are responsible for implementing the decisions is key. In this project, a continuous political ‘buy-in’ and commitment



from the authorities was missing (the political changes weakened the original leadership's commitment), and some important political and technical risks materialized.

**A BRT approach is likely to be more successful if tailored to the new contexts and as part of a more integrated vision.** Despite the BRT's diverse, successful interventions in other countries, this approach was more questionable in the case of Vietnam. Specific contexts regarding safety, reliability, convenience, meeting local demand, etc, are to be analyzed in each case. The specific factors in each country lead to realizing the need to consider other alternatives, which also facilitates getting more political support for the finally chosen technology as the most optimum public transport strategy.

**In rapidly changing urban environments, projects may get more traction through well-prepared and ready-to-go interventions.** There is often a disconnection between big master plans that take time to start implementation and the need for short-term pragmatic investments that address the problem and provide results early in the process. In this project, implementation depended heavily on a major initial contract that had a lengthy procurement process and got delayed, blocking the interventions. Projects financed by the Bank should be grounded on a comprehensive package of priority actions and interventions (policies, investments, service improvements, new systems and mechanisms, and institutional development).

**Technical and project management capacity gaps of the client may hinder project implementation if not addressed early.** In this project, many new urban and transport planning concepts were introduced (the BRT, feeder modes, and Transit-Oriented Development were all new), and the lack of capacity negatively affected implementation.

### 13. Assessment Recommended?

No

### 14. Comments on Quality of ICR

The ICR presents the lack of performance with candor and analyses the events during project appraisal and implementation to identify what could have been done differently, proposing alternative courses of action that could have prevented the low project performance. Although the few actions that the project did undertake are highlighted in the ICR as impactful in the way they built up capacity and paved the way for better integration across agencies, these actions are not sufficiently detailed, and their translation into outputs has not been presented under the efficacy section (policies, training, coordination among agencies).

The lessons extracted are rich and numerous. They appropriately respond to the key project issues during appraisal and implementation and are linked to the narrative and ratings presented in the report. The report is consistent and presents a logical linking and integration of its various parts. It is concise and clear in its



message. The sequence of events that led to project cancellation is clearly presented. The report is largely consistent with the guidelines. The table of project costs by component was incomplete.

Overall, the ICR quality is rated as Substantial

**a. Quality of ICR Rating**  
Substantial