

**PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

Report No.: AB418

Project Name	VN-Hanoi Urban Transport Project
Region	East Asia And Pacific
Sector	General transportation sector (70%);Roads and highways (30%)
Project ID	P083581
Borrower(s)	Socialist Republic Of Vietnam
Implementing Agency	Hanoi People's Committee – Transport and Urban Works Projects Management Unit
Environment Category	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input checked="" type="checkbox"/> TBD (to be determined)
Safeguard Classification	<input type="checkbox"/> S ₁ <input checked="" type="checkbox"/> S ₂ <input type="checkbox"/> S ₃ <input type="checkbox"/> S _F <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	October 24, 2003
Estimated Date of Appraisal Authorization	October 7, 2005
Estimated Date of Board Approval	February 24, 2006

1. Key development issues and rationale for Bank involvement

Hanoi, North Vietnam's key economic node and the country's capital, is a rapidly growing city of around 3 million. Projections indicate that the population may double by 2020, largely through rural migration (Vietnam's urbanization level is presently only 23%). Hanoi People's Committee (HPC) is trying to balance the conflicting pressures of preserving the city's character (particularly a very attractive central area), while meeting the demands posed by high levels (over 10% p.a.) of continuing economic growth. Infrastructure and basic services, particularly in transport, are struggling to keep up. The road network is limited and congestion is widespread.

Primary links in the City's road network are missing or inadequate. Capacity is particularly strained on the major East-West corridor as well as the major South and South-West corridors. Transport is currently dominated by motorbikes: about one million registered in the city account for over 60% of vehicular trips. In 2001 less than 4% of trips were made by bus, the only form of public transport (except taxis). The poor still depend on bicycles, and non-motorized modes account for a quarter of the vehicular trips. So far there are relatively few cars, but ownership is increasing at over 10% a year. The City is dense and new construction in built-up areas is difficult: the City has neither the resources nor the space to sustain private vehicle use (particular automobile use) at levels significantly higher than the present.

Further, the City is expanding rapidly; the Master Plan envisions extensive greenfield development in the Northwest section of the City, South of Red River and subsequently, North of the river (by 2020) to accommodate projected growth. City authorities are working to facilitate this expansion: development plans exist, as do plans for new roads to provide access to these areas. The need for enhancing the capacity of the institutions responsible for land-use development and integration with transport/other infrastructure plans and delivery is pressing.

The ongoing Urban Transport Improvement Project (UTIP) in Hanoi and HCMC (USD 20 million each) is the Bank's first urban transport operation in Vietnam. UTIP has a limited focus, on introducing traffic management and enhancing related capabilities in local institutions. It has

generally been a success in Hanoi: authorities have implemented the traffic management schemes and complemented them with significant enforcement leading to seemingly lower accident rates and more orderly traffic.

HPC views public transport (PT) to be key to its urban transport strategy. In the past 2 years bus ridership has increased from 1.2 m/month to 10 m/month following the introduction of about 500 new buses, a flat monthly fare, and operational changes leading to better routes and schedule adherence. The City recognizes that further growth will require physical priority for buses and improved finances. Operational and capital subsidies for the public sector bus company have grown to an unsustainable level. HPC has recognized the need to reform the bus transport sector: *Decision 34* adopted in February 2003 calls for provisions to permit at least 2 new non-governmental companies to provide bus services. Also, pilot bus priority schemes are being implemented at three (3) key intersections using funds from an EU funded initiative (Asia-Urbs).

To build on these initiatives, and to facilitate the expansion of the City, Hanoi has proposed an Urban Transport Development Project (HUTDP), as a follow-on to the Hanoi component of UTIP. The proposed project would support construction of critical sections of road infrastructure to facilitate future city development, bus system improvements (bus priority measures and reform) and capacity building in transport and planning/implementing institutions. The project builds on UTIP initiatives, the recommendations of the Bank's Vietnam urban transport sector review (completed in 2002) and a recently undertaken transport strategy. This project has been added to the Bank's lending program at the request of the Government of Vietnam. The HPC has already established a working group (including a PMU) to guide preparation. Further, the HPC is mobilizing resources for local consultants to conduct feasibility studies and is planning to reallocate savings from UTIP to finance preparation of the new project.

The project is well positioned to make a material contribution to poverty alleviation in Vietnam. It will play a central role in sustaining economic growth and physical development of Hanoi. Moreover, the project targets improvements in planning methods and in modes (PT, bicycles and walking) to upgrade the urban environment and the mobility needs of the urban poor. Given the good working relationship established under UTIP, and extensive experience with similar projects (e.g. busways in Curitiba, Bogota, Lima and Santiago), the Bank is ideally placed to support this project. The Bank's involvement may also catalyze other international agencies with interest in supporting Hanoi's transport sector.

The proposed project also supports all three CAS objectives: It supports (i) *high growth through a transition to a market economy* as well as (ii) *adoption of a modern public administration, legal and governance system* by supporting reform of the bus system, and enhancement of the City's development planning capabilities, and (iii) *an equitable, socially inclusive and sustainable pattern of growth*: in the development of a sustainable high-quality PT system that provides accessibility to all users, and by promoting integration of land-use and transport planning in ways that fosters a shift away from private vehicles to public transport.

2. Proposed objective(s)

The project development objective is to assist Hanoi in implementing a sustainable strategy of city development and transport improvement with a focus on promoting public transport. This objective will be supported through the establishment of high capacity busways on major corridors, by integrating investments in road infrastructure with land-use plans to generate a

transit friendly urban landscape, and by enhancing the capacity of the City's institutions to create/implement a growth strategy that is conducive to public transit oriented development.

3. Preliminary description

Total project costs are estimated in the range of US\$150-170 million. The size of the IDA Credit is expected to be between US\$120-140 million. In addition, the Global Environmental Facility (GEF) has also expressed interest in co-financing up to US\$12 million under the GEF Operational Program 11 (Promotion of Environmentally Sustainable Transport). Broadly, the project will consist of three components:

- **A bus transport component** (*total US\$35-40 million, IDA+GEF US\$30-35 million*) to (i) support reorganization the bus system; (ii) development of busways and bus priority on a selection of new and existing roads; and (iii) development of bus maintenance facilities, and secure ticketing systems.
- **A road infrastructure component.** (*total US\$100-110 million, IDA US\$75-85 million*). that includes construction of a section of Ring Road 2 (6 km) from Cau Say north to the dyke road (the site of the planned bridge at Nhat Tan) to facilitate development of the area West of West Lake, and ultimately North of Red River. In addition, Hanoi has proposed the Western extension of Hoang Quoc Viet Street (1.5 km). The two road sections go through a combination of farmland and settled land and will entail resettlement.
- **Institutional strengthening.** (*~US\$15-20 million IDA+GEF US\$ 15-20 million*) Subcomponents will cover safety (US\$5 million requested) and air quality (US\$7 million requested) measures as requested by HPC, along with the project's three major policy foci: reform of bus services, capacity building for integrated land use and transport development, and promotion of a PT oriented urban transport policy that covers issues such as parking, traffic control and vehicular restrictions. Although these components still need to be defined, it is likely that they will support studies, training, equipment and other technical assistance.

Hanoi has obtained a PPIAF grant (US\$250,000) to assist with the bus reorganization process. As already mentioned GEF has also expressed interest in co-financing elements of the project that would address global climate change concerns. GEF pipeline entry has been obtained for activities focusing on (a) promoting a modal shift away from personal-use motor vehicles (the bus component), (b) encouraging non-motorized travel (c) development of a sustainable urban development policy and (d) a complementary urban transport policy.

4. Safeguard policies that might apply

Due to the resettlement, air and noise pollution caused by the road construction, this project is likely to be classified as an Environmental Category (A) project. Social and environmental experts from the Bank team have already met with the PMU and described Bank safeguard procedures (including consultation and disclosure needs) to them. Safeguard review will be an integral element of preparation.

5. Tentative financing

Source:	(\$m.)
BORROWER/RECIPIENT	25
INTERNATIONAL DEVELOPMENT ASSOCIATION	135
GLOBAL ENVIRONMENT FACILITY	10
Total	170

6. Contact point

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