

# »» Project Information

Implemented by:



## Sustainable Urban Transport – Vietnam

Improving public transport infrastructure – Construction of Metro Line 2

As Vietnam enters a crucial period of urbanization corresponding to its present stage of economic development, Vietnam’s urban hubs are facing a need for efficient public transportation services. KfW Development Bank, ADB and EIB are financing one out of six upcoming metro lines in Ho Chi Minh City.

tion is becoming severe during peak hours. Since the road network development has already been facing space limitations, it will not be able to meet the expected increase in demand. Hence a shift from private into public transportation is necessary. Rapid growth in the private ownership of cars and motorbikes has caused heavy congestion along major routes and inner-city areas, contributing to a disordered urban environment with increasing air pollution.

### Context

Vietnam has developed rapidly over the past decades. Political and economic reforms (Doi Moi) launched in 1986 have transformed the country from one of the poorest in the world, with per capita income around USD 100, to lower middle income status within a quarter of a century with per capita income of over USD 2,050 by the end of 2016. Meanwhile, the country has developed two independent and dominant urban hubs: Ho Chi Minh City (HCMC/formerly known as Saigon) and Hanoi. Its rapid economic growth is driven by these two urban systems with high growth and industrial concentration within these cities and their surrounding areas. HCMC generates 20% of the country’s gross domestic product and is the largest city in Viet Nam, with a population of over 9 million that is expected to grow to 13.8 million by 2025. Ongoing migration from other provinces is increasing the population density, which is already one of the highest in the country (9,294 people per km<sup>2</sup>). The city is home to three export processing zones and 12 industrial parks, as well as the leading foreign direct investment absorber in Viet Nam. As private vehicles dominate transportation, road infrastructure is reaching the saturation point, and conges-

<b>Project name</b>	Ho Chi Minh City Urban Mass Rapid Transit Line 2
<b>Commissioned by</b>	Federal Ministry for Economic Affairs and Energy
<b>Country/Region</b>	Vietnam
<b>Lead executing agency</b>	The People’s Committee of Ho Chi Minh City - Management Authority for Urban Railways





A modern metro relieves traffic in the streets of Ho Chi Minh City.  
Source: KfW photo archive / photothek.net

### Project approach

With increasing road traffic in central HCMC, high volume public transport modes are required to both alleviate existing congestion and meet growing transportation demand. Without improvements in public transport infrastructure, combined with policies supporting a modal shift to public transport, HCMC's economic growth will be constrained by high logistics costs and severe congestion. A well-integrated high-capacity public transport system, such as a metro, is essential for densely populated cities like HCMC.

KfW Development Bank contributes USD 313.0 million to the total investment of USD 2.3 billion by all donors for the Metro Line 2. In its first phase, Line 2 will cover 11.7 kilometers of a dual track MRT line with 9 underground stations and one elevated station. It will pass from central Ben Thanh market to Tham Luong in the northwest, including a depot at Tham Luong. The project corridor covers six HCMC districts with a population of 1.8 million.

Through this financing, KfW and its co-financing partners are supporting the Vietnamese Government's Socio-Economic Development Plan to promote economic growth, poverty reduction, safety enhancement and environmental protection.

### Impact

The investment program will directly benefit public transport users and communities and indirectly benefit all transport users in HCMC. The main benefits are derived from improved accessibility to cheaper, safer, more reliable and faster transportation.

The investment program will establish

an integrated, sustainable public transport system as part of a planned metro-system of six lines in HCMC. Additionally, traffic congestion will be alleviated and HCMC's climate change mitigation efforts will be supported by adopting a low-carbon transport growth path and encouraging a substantive modal shift from private vehicles to public transport, which is more energy efficient and emits less greenhouse gases. Hence a viable and sustainable urban transport infrastructure will be created.

Along with the improvement of traffic and air quality, the program will indirectly reduce poverty. Local economies are expected to grow as improved and cheaper transport will create business opportunities and reduce transport times. The enhancement in overall transportation will support economic prosperity for the industrial hub, stimulating overall economic growth in and around HCMC.



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