**Joint HCMC – WBG working group and Cooperation Program**

Per the request of Ho Chi Minh City People's Committee (HCM CPC), the joint HCMC – WBG working group (HWG) was established in December 2021 and formally launched on March 23, 2022, by the Chairman of the HCMC CPC and the World Bank Regional Vice President. The objectives of the HWG were to explore the city's medium- to long-term goals, to better understand the obstacles and risks constraining the achievement of these goals, and to analyze how HCMC could best leverage support from the WBG over the coming years to achieve these goals.

Building on the collaboration, results from the 8 technical groups have been consolidated into a 'Cooperation Program' (hereby called Program) that will focus on the implementation of key priorities identified over a 10-year period. The objective of the Program is to support HCMC in its tasks to achieve long term socioeconomic development objectives. The Program identifies key priorities for policy and investment operations while providing the technical and financial resources necessary to address the City's key barriers and constraints in implementing these activities. The Program consists of two interlinked key elements of support that enable both HCMC and the WBG to utilize and mobilize financing sources for investments, policy development and capacity building activities that were prioritized based on the outcomes of first phase.

***Key element 1: Policy support and capacity building.*** Throughout the engagement to date, the technical groups have identified a wide array of challenges that HCMC is currently facing related to legal and policy barriers, technical constraints, and insufficient human and institutional resources to effectively carry out the City's prioritized tasks. The objective of this element is to support HCMC in overcoming these barriers by strengthening the capacity of relevant city departments; help formulate enabling legal frameworks, policies, and mechanisms that would allow the City to utilize and maximize financing resources, including private sector resources, for implementation of priorities; and provide technical support to prepare the City's prioritized investments. The WBG provides technical assistance funded by the Bank's resources and donor grants for short-term support aimed at: (i) capacity building and knowledge sharing; (ii) developing and strengthening HCMC's policies, mechanisms, institutions, and frameworks; and (iii) providing technical support to prepare for investment operations that would enable HCMC to achieve its development objectives across priority areas. This technical assistance would be provided for short-term preparatory activities that would help HCMC develop plans and strategies for important tasks across priority areas. After the first phase of the HWG, resources to support TA activities in the next phase can be unlocked based on HCMC's commitment for longer-term activities.

One specific outcome of the engagement which is relevant for this assignment is from the HWG's technical groups of flood management in the City. HCMC has approved a flood prevention program in January 2020. The current flood management approach, however, is fragmented and lacks consideration of critical factors like tidal flooding and climate change. The existing infrastructure is insufficient and lacks synchronization. The existing data and planning method is also inadequate for comprehensive risk integration. Overall, there is a need to raise public awareness of flood risk management (FRM) and related environmental issues. HCMC would like the WBG to assess its existing approach to FRM and develop a roadmap to establish a Flood Risk Management Information System (FRMIS) as a tool for integrated urban flood risk management of the city. HCMC would also like the WBG to support related areas of institutional reform and capacity building.

***Key element 2: Prioritized Investment Operations.*** In order to achieve HCMC's ambitious targets to transform into a smart, sustainable city and a major regional economic hub, the City will require large-scale solutions that may need significant resources to implement. This includes large-scale infrastructural investments in the City's drainage and flood management systems are required to alleviate the impacts of climate change and worsening hydrometeorological risks. Investing in the development of attractive, livable areas through green public spaces and well-designed and high-performing public services delivery will also be critical to facilitate socioeconomic development.

The HWG's technical groups have identified 3 important FRM investment projects for urban resilience, viz. "Thu Duc City Resilient Development Project Series" with three project phases and "Integrated Urban Resilience Project in HCMC's urban core area" (see also Table 1). The estimated value of each projects would range between 9 and 10 trillion VND (or US$400-450 million). This medium-term investment program would enable HCMC to systematically address core challenges in its development pathway. Recognizing that challenge inherent to funding a program of this scale, the WBG could assist HCMC mobilize different forms of financing (such as grants, loans, private sector investments, etc.) over several years. The following sequence in Table 1 presents prioritized investment operations that can move forward immediately and are urgently needed to achieve the City's key goals. More long-term investments have also been identified but require either additional work on detailed designs or resettlement, which should be completed in advance of project implementation.

**Table 1 – Potential Lending Program for Prioritized Investment Operations, 2022-2032**

| Project Name and Components | Lead agency | Cost estimate US$ million | Timeframe |
|---|---|---|---|
| **Thu Duc City Resilient Development Project Series (3 phases)** | | **1,350** | **2024-2032** |
| *Development Objective: Enhance TDC's flood risk management capacity and enable climate-resilient economic development to transform the City into a green, innovative regional hub.* | | | |
| Phase 1: The Integrated Flood Risk Management Investment for Thu Duc City with improving drainage through investments in Go Dua subcatchment in P1 of Thu Duc city – See Figure 1) | DOC, DPA, TDC, DOIC, DONRE | | |
| Phase 2: The Integrated Flood Risk Management Investment for Thu Duc City with improving flood retention through green public spaces in area P3 of Thu Duc City (See Figure 1) | DOC, DPA, TDC | | |
| Phase 3: The Integrated Flood Risk Management Investment with improving drainage through investments for Thu Duc City in P6 and P7 of Thu Duc city (See Figure 1) | DOC, TDC | | |
| **Integrated Urban Resilience Project in HCMC's urban core area** | | **450** | **2025-2030** |
| *Development Objective: Enhance the resilience of HCMC through improvements to flood risk management and urban mobility (specific areas to be identified)* | | | |
| Improvement of the stormwater discharge and storage, and environmental sanitation in the urban core area | DOC, DPA | | |
| TOTAL INVESTMENT PROGRAM | | 1,800 | 2024-2032 |

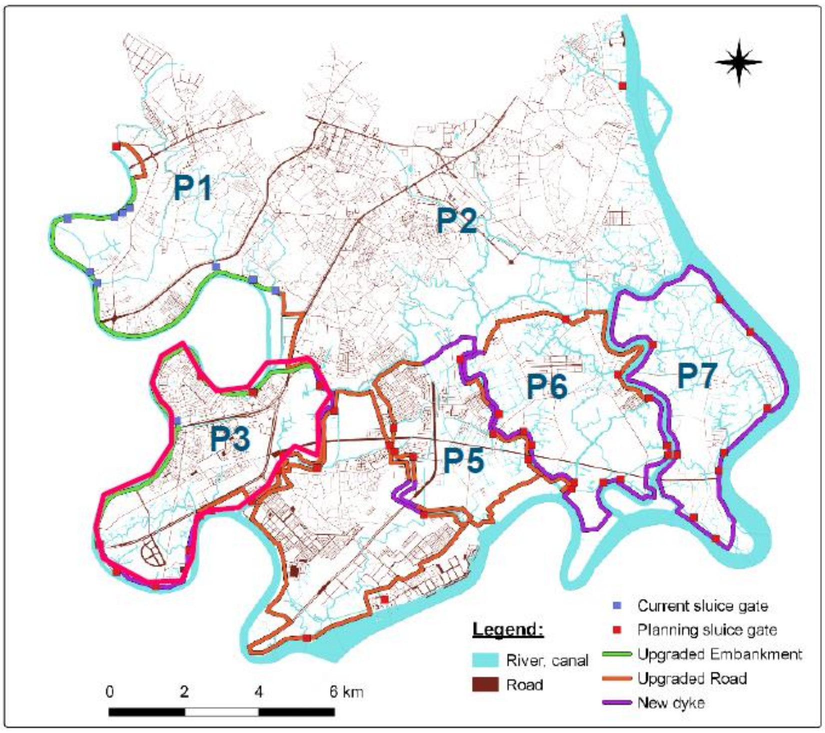


Figure 1. Zoning map of Thu Duc city.

***Thu Duc City series description***

Thu Duc City is developing rapidly as HCMC continues to expand outward despite challenges with recurrent flooding. As growth continues, the capacity for water retention will decrease, resulting in increased losses due to flooding over time. To avoid a rapid growth in flood risk that would detract investment, a flood risk management system that uses green infrastructure solutions and strengthens the polder network should be put in place immediately. As retention capacity grows, land can be opened for further development that utilizes value capture mechanisms to ensure private beneficiaries are contributing to the cost of the investments. With this approach, the city would create an innovative system of constructing and funding parks and public spaces that both reduce flood risk and attract high skilled labor through the creation of attractive areas to live and work.

The recommended way forward for Thu Duc City is a series of three lending projects valued at between US$400 and 500 million over the next 10-15 years, which would materially and sustainably reduce flood risk and adapt to climate change in Thu Duc City and HCMC under a strategic approach (see also Table 1). The innovative approach to living with nature in these series of projects would commence in 2024, 2025, and 2027. The Phase 1 project is recommended to include a US$25-30 million investment in the FRMIS that could be financed by World Bank or the City's own resources. Depending on size and scale of the program, between US$1-3 million of associated Technical Assistance (TA) activities could be completed independently or embedded into the lending projects. The program is informed by recommendations from two technical groups: Planning and developing Thu Duc City as a creative and highly interactive urban area in the East; and Urban flood management.

***Urban core flood risk management description***

This project would focus on areas that have been identified by the HWG as necessary for further investment to enhance the resilience of the urban core of city, see also Table 1. Urbanization and population growth are likely to increase flood risk due to encroachment on canals, green spaces and floodplains that act as water retention spaces, increasing the rate and volume of runoff. Efforts to accommodate the needs of huge numbers of residents, while dealing with the negative impact of motorization, have also created unprecedented stress on the urban transport system in HCMC. Without investment, these negative outcomes will reduce HCMC's livability and attractiveness as a destination for high-skilled labor and private investments, which could hinder future growth unless addressed holistically.

This engagement would include components focused on flood risk management, and waterway transport, and would commence in 2026. The first component would focus on stormwater discharge and storage, as well as environmental sanitation along the urban core area. This component would require resettlement that would have to be completed prior to WBG investment. This project is described in this annex for completeness, but it is outside the scope of this assignment.