



# Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 04-Mar-2018 | Report No: PIDISDSA23479



**BASIC INFORMATION**

**A. Basic Project Data**

Country Vietnam	Project ID P160162	Project Name Dynamic Cities Integrated Development Project	Parent Project ID (if any)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 09-Feb-2018	Estimated Board Date 30-May-2018	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Financing Instrument Investment Project Financing	Borrower(s) State Bank of Vietnam	Implementing Agency Thanh Hoa People's Committee, Thai Nguyen CPC, Yen Bai CPC, Hai Duong CPC, Ky Anh CPC	

Proposed Development Objective(s)

To improve access to urban infrastructure services and to improve integrated urban planning and management in the project cities.

Components

- Component 1: Structural Investments - Rehabilitation and Construction of Urban Infrastructure
- Component 2: Non-Structural Investments - Technical Assistances and Implementation Supports

**Financing (in USD Million)**

Financing Source	Amount
Borrower	62.05
International Development Association (IDA)	310.21
<b>Total Project Cost</b>	<b>372.26</b>

Environmental Assessment Category

B - Partial Assessment

Decision

The review did authorize the preparation to continue



Other Decision (as needed)

## B. Introduction and Context

### Country Context

1. Vietnam has sustained rapid economic growth rates since the introduction of the Doi Moi reforms in the late 1980s, allowing the country to transform from a low-income economy to a middle-income economy in one generation. With GDP growth averaging 5.3% annually, real GDP per capita more than tripled between 1990 and 2014. Economic growth coupled with the government's strong focus on inclusive social development has enabled Vietnam to drastically reduce the incidence of extreme poverty and to broaden prosperity. By the World Bank's measure of shared prosperity (i.e., the income growth of the bottom 40% of the population), Vietnam is one of the most noteworthy cases of long-term shared prosperity globally. The pace of economic growth is expected to continue, with the country's recently approved Socio-Economic Development Plan (SEDP) for 2016-2020 setting out an annual growth target of 6.5-7%.
2. As is common among developing and industrializing economies, urban growth has accompanied Vietnam's rapid economic expansion, with the fastest urban population growth concentrated in and around Hanoi and Ho Chi Minh City (HCMC). The urban population has grown by 3.1% annually, with half the country's population expected to live in urban areas by 2040.<sup>1</sup> However, the expansion of urban areas in Vietnam has been low-density and fragmented in nature. In addition, while peri-urban areas around the two major cities have benefitted from their proximity to key economic drivers, regions elsewhere in the country are at risk of falling behind. The World Bank's *Vietnam Urbanization Review* (2011) highlighted that access to basic services, such as sanitation, drainage and quality of water, remains low in secondary cities as compared to large cities. For example, while Hanoi has access to sanitation with connection rates above 80%, smaller cities have access rates as low as 15%. An additional challenge is the increased vulnerability of poor urban areas to climate change variations. Increased incidences of flooding and rising sea levels can have potentially dramatic effects on economies and populations; industries such as shipping, agriculture, and tourism, for example, may face significant pressure in vulnerable low-lying areas.
3. In recognition of the strategic role of urbanization in achieving Vietnam's goals of industrialization and modernization, the GoV developed the *Framework Master Plan for Urban Development in Viet Nam to 2025 and Vision to 2050* (hereby referred to as the National Master Plan) in 2009. Under the National Master Plan, the urban population is expected to accelerate to 5.3% annually, reaching 52 million by 2025. While Vietnam has made overall improvements in reducing poverty and regional inequality, the growing pace of urbanization and the demands of an ever-evolving growth model indicate that well-planned and well-managed urban growth is critical for the country to continue its transformation into a high-income economy.

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<sup>1</sup> Vietnam Urbanization Review (World Bank 2011); World Data Bank World Development Indicators <http://databank.worldbank.org/data/reports.aspx?source=2&country=VNM&series=&period=>



## Sectoral and Institutional Context

4. **Current Urbanization Trends.** Urban areas currently account for 34% of Vietnam’s population and contribute more than half of national GDP.<sup>2</sup> Global evidence suggests that the benefits from urban growth come from encouraging economic densification, which allows cities to harness the agglomeration economies that enhance productivity, spur innovation and economic diversification, and facilitate more efficient service delivery. However, a notable characteristic of urban development in Vietnam has been low and stagnant levels of urban density. Between 2000 and 2015, urban density remained at 18.9 urban residents per hectare even as urban land expanded by over 650,000 hectares.<sup>3</sup> Increasingly fragmented urbanization is driven in part by Vietnam’s current City Classification System (CCS), which provides fiscal incentives for rapid land conversion and physical expansion of cities, with little emphasis placed on urban density.<sup>4</sup> In an analysis of seven cities that attained Class I status between 2009 and 2011, all but one city failed to meet the minimum standards for urban density, implying that other factors, such as the non-agricultural labor population and development of infrastructure, were relied on to qualify for upgrading.

5. Low and stagnant urban densities with limited infrastructure impede agglomeration economies.<sup>5</sup> Vietnam’s fragmented pattern of urbanization, wherein development commonly takes place beyond the “official” urban core, means that expanding metropolitan areas are limited in their ability to develop infrastructure efficiently. This in turn gives rise to a host of other urban management issues, including growing traffic congestion, worsening air pollution, poor environmental management, and emerging informal settlements. In contrast to Vietnam’s low-density, fragmented urbanization, it is generally recognized that compact cities—with tightly-knit development patterns, strong public transport linkages, and good accessibility to services and jobs—are better able to respond to the growing needs of urban areas. By reducing travel distances within the city and lessening dependency on cars, compact cities are more efficient in their utility of infrastructure. Environmental impacts, such as pollution and greenhouse gas emissions, are also lessened if automobile dependency is reduced in favor of public transport or other forms of non-motorized transport. A focus on physical expansion is unlikely to be sufficient to efficiently guide Vietnam’s rapid urban growth. Instead, emerging cities should re-consider existing urban development patterns and harness opportunities to develop more integrated multi-modal transport systems, which can improve accessibility to jobs and services, promote more compact urban forms and mitigate environmental externalities. Furthermore, services that promote opportunities for both men and women to benefit from and contribute to local economies are important for cities in stimulating economic growth. However, women’s household and care responsibilities constrain their ability to work on equal terms as men. There is a gender gap in the share of urban women engaging in paid work compared to men. In 2014, the proportion of female workers without an employment contract was 47.8%, while this ratio among male laborers was 37.5% in urban areas.

6. **Role of Secondary Cities.** The National Master Plan focuses on achieving balanced and strategic growth through a national urban system, consisting of urban centers of various grades and types distributed throughout the country. Specifically, it envisages the development of secondary and tertiary cities as hubs to drive development within larger urban areas and provinces. This is consistent with international experience, where there is growing

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<sup>2</sup> World Urban Population data (World Bank 2015).

<sup>3</sup> Vietnam 2035 Report (World Bank 2016).

<sup>4</sup> The CCS was developed in 1990 by the Ministry of Construction and amended in 2001 and 2009. Its original goal was to spur the development of cities using indicators set by the GoV to determine budget transfer allocations, thus influencing local choices and investment allocations. The classification of cities under this system falls into four categories: special, first class (I), second class (II), and third class (III); while the status of townships falls into two categories: (IV) fourth class and (V) fifth class.

<sup>5</sup> Vietnam 2035 Report (World Bank 2016).



recognition of the role of secondary cities<sup>6</sup> as catalysts in facilitating localization economies and the efficient transfer of goods, people, services, and information within a system of cities at different levels (i.e., metropolitan, regional, national, and global). Balanced regional development and appropriate definitions of functions among different hierarchies of urban areas are of great importance. For example, large cities should provide a diverse range of services and connect to external areas, thus promoting international competitiveness, while secondary cities should focus on specialized manufacturing activities. Many countries have been successful with this development pattern.<sup>7</sup>

7. As Vietnam seeks to sustain an ambitious growth trajectory, nurturing secondary cities that have demonstrated the economic potential to play a greater role in enhancing productivity and growth will be essential. However, it remains a challenge for many secondary cities to raise capital and attract the investment required to build infrastructure and support communities that are critical to create dynamic economies, improved livelihoods, and jobs.<sup>8</sup> Demand for basic infrastructure remains high in smaller cities in Vietnam – many still lack wastewater treatment facilities while public transport networks often do not exist. Poor provision of infrastructure has implications both for the quality of life for existing residents, as well as on the attractiveness of the city for further investment and growth. Compounding the need for improved infrastructure is vulnerability to climate change. Vietnam is ranked among the world’s most climate-vulnerable countries, with cities particularly at risk of damage from weather disruptions and rising sea levels given their natural concentration of people, industry, and goods.

8. The World Bank’s urban sector engagement strategy in Vietnam recognizes the growing role of secondary cities. The urban portfolio currently focuses on cities at different scales: (i) integrated stand-alone operations in large cities (including Ho Chi Minh City, Hanoi, Da Nang, Hai Phong, and Can Tho); (ii) multi-city approaches targeting infrastructure development and strengthening urban management and planning in secondary cities; and (iii) piloting new approaches, such as PforR, for supporting small cities and towns in lagging regions. The proposed project is aligned with the Bank’s multi-city approach for secondary cities, broadly defined to include Class I, II and III cities with populations ranging from 100,000 to 500,000. It is in this vein, and on request by the Government of Vietnam (GoV), that the Dynamic Cities Integrated Development Project (DCIDP) has been proposed.

### C. Proposed Development Objective(s)

#### Development Objective(s) (From PAD)

The project development objective is to increase access to improved urban infrastructure services in the project cities.

#### Key Results

9. The proposed project’s key beneficiaries will be the over one million residents of the five project cities of **Ky Anh** (Ha Tinh Province), **Tinh Gia** (Thanh Hoa Province), **Hai Duong** (Hai Duong Province), **Yen Bai** (Yen Bai Province) and **Thai Nguyen** (Thai Nguyen Province). Residents will benefit from improved urban infrastructure that will reduce the risk of flooding, expand access to improved sanitation, reduce vehicle travel times on new and improved roads, increase access to child care services, and expand access to high quality public spaces. The project will also improve

<sup>6</sup> Globally, secondary cities range in size from 150,000 people to 5 million people.

<sup>7</sup> Vietnam 2035 Report (World Bank 2016).

<sup>8</sup> Brian Roberts and Rene Peter Hohmann, The Systems of Secondary Cities: The neglected drivers of urbanizing economies, CIVIS Nov. 2014.



access to industrial parks, commercial establishments, and tourist attractions in the project cities, which will benefit workers and merchants commuting to and from the project cities as well as tourists visiting the project cities. The Provincial People's Committees (PPCs) and City People's Committees (CPCs) of the project cities will also directly benefit from the project's non-structural investments, which will provide targeted technical assistance (TA) and capacity development for improved strategic socio-economic spatial planning, public transport planning, asset management, and specialized development planning.

#### D. Project Description

10. DCIDP will support secondary cities that have demonstrated both current significance and future growth potential as province- and region-level urban economic centers. As consistent with approved city master plans, the proposed operation will provide financing for the strategic municipal infrastructure that will help the project cities: (i) improve access to, and reliability of, urban services for the bottom 40% of population; (ii) promote the development of neighborhoods with access to high quality public spaces and public transport; (iii) support continued socio-economic growth (e.g., by enhancing productivity and localization economies, removing infrastructure constraints, improving connectivity, facilitating local job creation, etc.); and (iv) promote women's opportunity to access paid work. The proposed operation will also support the project cities in addressing fundamental urban development challenges through TA for improved urban planning and management that will promote more compact, sustainable urban development, and the development of higher quality neighborhoods.

11. The five cities of Ky Anh, Tinh Gia, Hai Duong, Yen Bai, and Thai Nguyen were identified on the basis of their economic growth potential, urgent need for improved urban infrastructure services (e.g., relating to climate/disaster risks, management of urban sprawl, environmental protection and management), and operational readiness. Serving as key regional centers and economic engines that are undergoing rapid urbanization, they nevertheless suffer from uneven access to basic services, including 24-hour water supply, wastewater treatment, childcare services, and road networks. Driven by the establishment of large-scale industrial economic zones, Ky Anh and Tinh Gia will be upgraded from district-level towns to Class IV cities by 2018. In contrast, Thai Nguyen (Class I), Hai Duong (Class II), and Yen Bai (Class III) have longer histories as the urban centers for their respective provinces.

12. A combination of structural and non-structural components is proposed to support the achievement of the PDO to improve access to urban infrastructure services and to improve integrated urban planning and management in the project cities.

13. Component 1: Structural Investments - Rehabilitation and Construction of Urban Infrastructure: A series of municipal investments will be financed in each project city to improve the access to and quality of critical urban infrastructure services, including those in urban environmental sanitation, urban transport, and urban amenities. The selection of infrastructure sub-projects will be aligned with the respective updated city master plans of each city. Given that the sub-projects will be identified based on plans developed before project implementation, the proposals will be rigorously prioritized to ensure that these are no-regret investments that: (i) improve access to, and reliability of, urban services for the bottom 40% of the population; (ii) promote more compact and denser urbanization; (iii) promote the development of neighborhoods with access to high-quality public spaces and public transport; (iv) support long-term socio-economic growth objectives; (v) meet demands for climate change adaptation; and (vi) meet accepted standards for technical and economic soundness, including resilience measures to limit the potential losses from disasters. A range of municipal infrastructure investments across several sectors is consolidated under a single project component to ensure that DCIDP provides sufficient flexibility to support a menu



of municipal infrastructure solutions to address the specific demands of the project cities, both at the project appraisal stage and, potentially, during project implementation to address emerging needs of the cities.

14. The design and implementation of sub-projects will factor in access to services for women and men (e.g. differentiated travel patterns and safety) and universal design (i.e., ensuring accessibility to older people and people with disabilities) considerations. Ownership of the proposed sub-projects will be assumed by the cities, which will be required to establish adequate institutional arrangements and operations and maintenance (O&M) plans to ensure future sustainability. The proposed sub-projects may include those in the following sectors:

- a) *Urban environmental sanitation*: This includes the rehabilitation and embankment of lakes, streams and channels, and construction of wastewater treatment plants and collection networks. To address the pollution caused by domestic wastewater, new wastewater collection and treatment systems have been proposed in Ky Anh, Tinh Gia, and Hai Duong, while the expansion of the existing wastewater collection system has been proposed in Thai Nguyen. Across all cities, the overall improvement of the local drainage systems (including construction of new drains, dredging and embankment of streams and lakes, etc.) has also been proposed to address the need for improved flood management, particularly in light of both current and projected susceptibility to climate change. This is critical for improving the sustaining the significant private and public investments in industrial parks, economic zones, and tourist attractions in the project cities. Technical designs for urban environmental sanitation investments will explore low impact designs and water-sensitive urban design interventions.
- b) *Urban amenities and public spaces*: Collectively, the improvement of lakes and channels strengthen urban resilience while also providing potential opportunities to introduce new, accessible public spaces around the improved infrastructure. These may include public green spaces and promenades with lanes for both cyclists and pedestrians. The project will also support the development of resettlement sites to accommodate that may have to relocate or resettle due to the projects investments (detailed in sub-section E of the Appraisal Summary) and the construction and upgrading of two kindergartens in Thai Nguyen city to address issues of under-capacity and poor and deteriorating quality of existing preschool facilities.
- c) *Urban transport*: This includes investments in strategic urban roads and bridges for better connectivity. Each of the cities has proposed road and bridge sub-projects that were identified based on the cities' existing master plans. These proposals have been vetted at the preparation stage to ensure that they are based on sound analyses of travel and traffic demand and street design patterns. The provision of the proposed roads and bridges in each city is expected to provide better accessibility for residents to jobs, education, and other services, as well as to improve traffic safety, which are critical for sustaining rapid local economic development in the project cities. In addition, the sub-projects will promote more compact urban development, allow for mixed land uses and densification, promote non-motorized transport options as well as safeguard flexibility for the introduction of a public transport system. As such, technical designs will provide flexibility for the introduction of public transport systems and/or adoption as potential public transport routes. Furthermore, traffic safety facilities have been included in all preliminary technical designs. Traffic issues will be thoroughly reviewed and mitigated, especially at intersections with major roads and transit roads of national highways/bypasses.

15. Component 2: Non-Structural Investments - Technical Assistance and Implementation Support: A comprehensive package of TA and project implementation support will be provided to the PPCs of the project cities to strengthen their capacities for integrated economic and spatial planning as well as climate change and



disaster risk informed planning. The TA will ensure the strategic relevance and efficiency of the municipal infrastructure investments to be financed under the structural component of the project. The technical assistance and implementation support activities are critical to support the structural investments to be undertaken under Component 1 by: (i) linking financing/budgets to the investment programs of the cities in order to ensure financial sustainability for long-term O&M and asset management; (ii) consolidating various spatial and sectoral plans into integrated strategic development plans; and (iii) ensuring community participation throughout the planning and sub-project implementation process.

## E. Implementation

### Institutional and Implementation Arrangements

16. Following the lessons and best practices from the Bank's recent urban development projects in Vietnam (e.g., MCDP, DSCDP, and VUUPs), DCICP will be implemented in a decentralized manner, with cities as the Project Owners under the supervision of provincial level administrations. At this stage, the respective PPCs of each project city have each established a Project Preparation Unit (PPU) within an existing project management unit that has been implementing either ODA-funded or GoV-funded urban infrastructure investments. A Project Management Unit (PMU) for DCIDP will be formally established from PPU in each city once the Investment Policy Report (pre-feasibility study) of each city is approved by the GoV. Given the crucial role of provincial leadership in facilitating project implementation in each project city, the PPCs will each establish a Project Steering Committee (PSC) comprised of multi-sector departments to guide, support, and supervise the respective PMUs.

17. In terms of implementing the non-structural investments under Component 2, MOC will serve as a technical body in supporting the TA and capacity building activities. A trust fund will be mobilized to provide capacity building support to MOC to enable key officials to participate and learn from the international urban planning approach and local detail planning process, and to subsequently review and revise relevant policies and regulations as appropriate.

18. Project Implementation Manual. The PIM will be the primary document guiding the implementation of the project. The PIM will set forth: (i) the Vietnamese laws and regulations that will govern the various aspects of the Program, and (ii) the applicable Bank policies and guidelines governing the project. Throughout project implementation, the project cities shall implement project activities under Component 1 and 2 in accordance with the PIM in a timely and efficient manner satisfactory to the Bank. The PIM shall be cleared by the Bank and approved by the respective PPCs and cannot be amended without the prior written agreement of the Bank. The project cities will be required to implement the PIM as a legal obligation under the project's Financing Agreement (FA).

## F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The proposed project covers five cities/town: Ky Anh town, Tinh Gia town, Hai Duong city, Thai Nguyen city, and Yen Bai city: \* Ky Anh town (Ha Tinh province) is located on the east coast of the province with a natural area of 280.3 km<sup>2</sup>. The local economy of Ky Anh is anchored on the development of the Vung Ang Industrial Zone,. The geographic endowments of Ky Anh, with its access to a deep-water seaport and strategic location as the shortest land route from the Eastern coast of Vietnam to Laos and Thailand. \* Tinh Gia town (Thanh Hoa province) is a city with an area of 260km<sup>2</sup>. Tinh Gia benefits from access to a deep-water seaport and a



strategic location that connects the Northern and Central regions of Vietnam. The rapid local economic growth of Tinh Gia has been driven by the development of a large-scale economic zone (the Nghi Son Economic Zone). \* Hai Duong city (Hai Duong province), a provincial capital city of 96.7 km<sup>2</sup>, is an important economic hub, serving as a central transport and trading node for two strategic economic corridors: the Con Minh-Ha Noi-Hai Phong corridor and the Nam Ninh-Ha Noi-Hai Phong-Quang Ninh corridor. The city’s economy is driven by industrial development anchored on a series of industrial zones focusing on engineering and machinery production, such as automobile assembly, automobile accessories, electrical and electronic components, textiles and garments. \* Thai Nguyen city (Thai Nguyen province), a provincial capital city has natural area is 222.9 km<sup>2</sup> and is located strategically in the Hanoi Capital Region, with newly constructed highway connections facilitating access to the capital, which is just 80 km away. The city is located in an area that has historically served as a center for heavy industry focused on the steel and iron. \* Yen Bai city (Yen Bai province) , a provincial capital city with the total area of 108.2 km<sup>2</sup>. It is the political, economic, cultural, technological center of Yen Bai Province. The recent upgrading of the Noi Bai-Lao Cai Highway completed the strategic Hai Phong-Hanoi-Kunming Economic Corridor, which connects Vietnam’s major eastern shipping port (Hai Phong) to the Vietnam-China border at Lao Cai and Kunming. [2]

**G. Environmental and Social Safeguards Specialists on the Team**

Thang Duy Nguyen, Social Safeguards Specialist  
 Son Van Nguyen, Environmental Safeguards Specialist

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	This policy was triggered due to the potential adverse impacts associated with construction activities under Component 1, requiring the identification, mitigation, and monitoring of potential adverse environmental and social impacts. The project was assessed as Category B for environment due to the moderate environmental and social impacts associated with the construction, rehabilitation, and operation the urban roads, rainwater and wastewater collection systems, wastewater treatment plants, balancing lakes, and embankments in the project cities and towns. Five Environmental and Social Impact Assessments (ESIAs), which include the Environmental and Social



		<p>Management Plans (ESMPs) for the project cities, were being prepared based on the agreed ToR. The final draft ESIA's were disclosed on the Bank website and locally for public access prior to project appraisal. The final ESIA's/ESMPs were also disclosed for public access.</p>
Natural Habitats OP/BP 4.04	Yes	<p>The project will be implemented in urban areas and will not involve significant conversion or degradation of critical natural habitats or other natural habitats. The ESIA's found that there is no known rare/vulnerable/endangered flora and fauna species presence in the sub-project areas. However, the project covers the construction of some bridge piles and embankment (with limited dredging) in some sections of existing streams or rivers (such as the Hao Gia and Cau Dai streams in Yen Bai, and the Quyen and Tri rivers in Ky Anh, Huong Thuong river in Thai Nguyen). Although these construction sites are located in areas with intensive human activities, the ESIA's assessed the site-specific potential impacts on local flora and fauna. Relevant mitigation measures, such as the use of cofferdams or carrying out dredging at intervals, were included in relevant ESIA's/ESMPs.</p>
Forests OP/BP 4.36	Yes	<p>The project will be implemented in urban areas and will not include planned investments involving forest harvesting or forest management. However, the project will acquire approximately 29 ha of production forest in Yen Bai (27.5 ha) and Thai Nguyen (1.5 ha). The ESIA's found that such forests have economical but not biological values. The Resettlement Action Plans (RAPs) and ESMPs included adequate mitigation measures to compensate to the forest owners, prevent over clearance of trees or other impacts on fauna, if any.</p>
Pest Management OP 4.09	No	<p>The project will not involve the production, procurement, storage, handling or transportation of any pesticide, nor will it result in an increased use of pesticides.</p>
Physical Cultural Resources OP/BP 4.11	Yes	<p>The project will require the relocation of one family worshipping house (in Ky Anh sub-project) and 301 graves (in Tinh Gia and Thai Nguyen). Compensation and support for the relocation of these graves and worshipping house were included in the respective sub-project RAPs and ESMPs, as appropriate. The</p>



direct and indirect impacts on the other PCRs, if any, such as monuments, pagodas, temples, churches, etc., were assessed and corresponding site-specific mitigation measures were included in the related ESIA/ESMPs. As the project involves significant earth works, chance finds procedure were prepared and included in the sub-project ESMPs for incorporation into bidding and contractual documents during project implementation.

Social impact assessments were conducted in the proposed sub-project areas and found that there are no ethnic minority communities living in or their collective attachment to the sub-project areas that meet the criteria of OP/BP 4.10.

Inventory of losses (IOL) was conducted for all potentially affected households of the proposed subprojects during preparation of RAPs. The IOL showed that the project would involve land acquisition of a total of 186.3 hectares, including 131.4 hectares of agricultural land, 21 hectares of residential land, and 29 hectares of production forestland. Total about 4,053 households (HHs) will be affected due to land acquisition, of which 487 HHs would have to relocate or reorganize on the remaining residential land. Total about 1,528 households are affected livelihood due to losing partly agricultural land. However, all potential impacts and risks could be predictable, mitigatable and manageable by applying all possible mitigation measures including design alternatives, compensation at replacement cost, provision of land plots in resettlement sites to be constructed within subproject ward/commune for relocated households, provision of livelihood restoration package for severely and vulnerably affected households. All the potentially social impacts and associated mitigation measures were included in Resettlement Action Plans (RAP) of subprojects for implementation.

A Resettlement Policy Framework (RPF) was prepared for the project as required by the land law 2013 of Viet Nam because it is covering multi-provinces while it is not required by the Bank because all subprojects and their boundaries have been identified at time of project preparation. The

Indigenous Peoples OP/BP 4.10

No

Involuntary Resettlement OP/BP 4.12

Yes



RPF provides principles of involuntary resettlement policy and guidance for preparation of RAPs. A Resettlement Action Plan (RAP) was prepared for each city/town following the RPF. The RPF and RAPs will be approved by the Prime Minister and PPCs and concurred by the World Bank before the Board date. Public consultations were carried out during preparation of RAP/RPF. The final draft RAPs and RPF were disclosed locally in November 2017 and at the Bank’s internal and external websites in December 2017. The final RPF and RAPs will be disclosed again after cleared by RSS.

The RAPs will be updated during project implementation based on the detailed technical design and results of detailed measurement survey (DMS), replacement cost survey and consultations with affected households.

The project will not involve construction or rehabilitation of dams nor would it affect or depend on the safety of any existing dam.

The project will not be implemented on any international waterways.

No part of the project activities will be implemented in a disputed area.

Safety of Dams OP/BP 4.37

No

Projects on International Waterways OP/BP 7.50

No

Projects in Disputed Areas OP/BP 7.60

No

**KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT**

**A. Summary of Key Safeguard Issues**

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The proposed project will be implemented mostly in existing urban or rural settings in five sub-project towns/cities, namely, Yen Bai, Thai Nguyen, Hai Duong, Ky Anh, and Tinh Gia. The types and scope of proposed investments include: i) construction of 12 urban roads (total 38.1 km, each road is from 0.8 to 9.8 km long, 16 to 40 m wide), including eight bridges (20 to 312 m long) on the alignments; ii) construction or rehabilitation (dredging and embankment lining) of new or existing drainage, including ditches, channels, canals, streams, rivers (each section is from 1.5 to 5.7 km long), and five regulatory lakes (1.9 to 19.6 ha each lake); iii) construction of three new wastewater treatment plants (WWTPs), with capacities ranging from 500 m3/d to 12,000 m3/d, together with sewer collection pipes and relative small sized pumping stations; iv) construction/rehabilitation of two kindergartens; and iv) site clearance and construction of basic infrastructure for resettlement sites (each site is from 0.3 to 1.6 ha).

The project’s overall potential environmental and social impacts would be significantly positive as the proposed physical investments are expected to bring about improved drainage capacity, urban connectivity, landscape, and environmental sanitation conditions in the participating towns/cities. These would contribute to promote sustainable socio-economic development in the area.



The construction and operation of the proposed physical investments may also cause some potential impacts and risks. At pre-construction phase, there is safety risk related to unexploded objects left in the project areas from the past war.

During construction phase, there would be some common construction impacts and risks including (i) increased dust, noise, and vibration levels due to earth works; (ii) generation of solid waste and wastewater, mostly from excavation and dredging; (iii) surface water quality reduction and negative impacts on aquatic lives in water sources affected by or nearby construction sites; (iv) loss of trees and vegetation cover due to site clearance; (v) traffic disturbance and increased traffic safety risks along the roads near construction sites and along transportation routes; (vi) disturbance to existing infrastructures, such as drainage, irrigation, power supply, and related services; (vii) localized sedimentation and flooding issues; (viii) landslide and erosion risks; (ix) negative impacts on urban landscape related to excavation and waste/material temporary storage; (x) social impacts, including disturbance to daily lives of local households and businesses, and issues; and (xi) health and safety of the workers and communities. Most of these potential impacts were anticipated to be at low to moderate level, localized, and temporary. However, these construction impacts and risks would be higher in the areas having sensitive receptors, such as schools, commune houses, pagodas/temples and other cultural structures, health care units, populated residential clusters, crop land, etc. In addition, each sub-project also has other impacts, risks, and issues depending on the baseline conditions, typology of investments, and physical interventions as discussed below.

Contractors may mobilize a number of workers from outside the project areas during the construction phase. This may generate potential social risks for communities living in the project area, such as violence with local youth, gambling, drug proliferation, and the risk of disease transmission (e.g., sexually-transmitted diseases such as HIV, syphilis, etc.), particularly among local women. However, these impacts will be mitigated through mitigation measures proposed in the project ESMP and RAPs, such as training for workers and construction supervision teams on required lawful conduct in the host community and on HIV/AIDs awareness, strict enforcement of drug abuse and traffic, and ensuring payment of adequate salaries for workers to reduce incentives for theft and gambling. The PMUs and external monitoring agency will be responsible for closely monitoring and mitigating potential risks caused by labor influx to communities surrounding project areas

Twenty-nine hectares of production forest (27.5 ha in Yen Bai and 1.5 ha in Thai Nguyen) will be acquired. While the main values of such forest are economical rather than biodiversity, the loss of forest would lead to reduced green space in the project area. Also, 301 graves (243 in Tinh Gia and 58 in Thai Nguyen) and one family worshiping house (in Ky Anh) will be relocated.

Some dredging, embankment lining, or bridge construction will be implemented near or on existing water bodies, such as canals, regulatory lakes, streams, or rivers (for example the Hao Gia and Khe Dai streams in Yen Bai, the Tri and Quyen rivers in Ky Anh, the Than canal in Tinh Gia, the Cau river in Thai Nguyen and Hai Duong, the Nghe lake in Hai Duong). The ESIA indicated that the areas surrounding these water bodies are subject to either cultivation or human settlements and that there are no known rare/endangered or vulnerable species in these areas. Thus the potential biological impacts would be marginal. However, the sampled sediment taken from the Than and Cau Trang canals in Tinh Gia had salinity at 3% to 5%, which is higher than the tolerance of some crop and fruit trees (rice, corn, beans, mangoes etc.). If not managed properly, the saline dredged materials and its leakage wastewater may cause damages to the crops surrounding the disposal sites. The construction of one road section in Tinh Gia also involves blasting which would cause safety concerns to local communities and the workers.

The main potential environmental and safety issues in operation phase would be related to the three WWTPs, resulting from offensive odors, health and safety risks for the operators and local communities, and the discharge of effluents to the nearby water body. However, all three WWTPs are located far from residential areas (at least 300 m



buffer zone), thus odor, public health, and safety issues would be minimal. The calculations in the ESIA indicate that while the small flows of the effluents from WWTPs in Ky Anh (2,000 m<sup>3</sup>/d or 23 l/s) and Tinh Gia (500 m<sup>3</sup>/d or 5.6 l/s) would have very minor impacts onto the receiving water quality, the Sat river would be capable of receiving the effluent from the proposed WWTPs in Hai Duong (capacity 12,000 m<sup>3</sup>/d) and still within applicable water quality standard.

Traffic safety, particularly at the road intersections, and the impacts related to elevated ground along the new roads are the main impacts and risks during the operation of the new roads. The induced impact may include localized urban development in some urban areas, particularly along the new road. However, such development will follow town/city master plan and would thus be manageable.

The ESMP proposed adequate mitigation measures, including Environmental Codes of Practices (ECOP), site-specific mitigation measures, and other specifications to address construction impacts. The ESMP also proposed mitigation measures as well as environmental friendly and greening solutions for inclusion into engineering design to address operational impacts and risks. For example, sign boards, roundabout, and other traffic safety measures were proposed for new roads, particularly with regard to the design of the intersections. Where possible, greening measures would be combined with engineering structures at embankment linings and slope protection. Safe staircases would be built at intersections to provide access to water surface for communities as and when needed. Kindergartens would be designed beautifully, landscaped, and with facilities (toilets, taps, washing basins etc.) that are safe and convenient for use by the children.

Besides the relocation due to the loss of residential land and houses, some local people will partially lose agricultural land, in which about 1,528 households are severely affected due to losing more than 20% of total agricultural land holdings. The project may affect standing crops and trees of local people, however they will be informed 180 days prior to acquisition of agricultural land so that people will stop cultivating or harvesting their crops and trees on the affected land. In case crops/trees cannot be harvested at time of land acquisition, the affected people will be compensated at replacement costs.

The project may cause interruption of business of some households for a short time due to the installation of drainage systems along urban roads. All losses of income during period of construction will be compensated and supported according to the RPF and RAPs.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: The project is expected to have significant positive benefits for the urban environment and public health, contributing to socio-economic development in the participating towns/cities and improving living standards for local communities.

Appropriate wastewater treatment technologies have been chosen to meet the national environmental standards and suit operational capacity at acceptable costs. Water quality of the receiving waters will be regularly monitored. No significant potential indirect and/or long-term impacts are anticipated during the implementation of the project.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The alternatives of “without the sub-project” and “with the sub-project” and technical alternatives have been analyzed for all the five sub-projects. The technical, financial, environmental and social aspects, and construction methods have been considered in carrying out the alternative analysis. Every effort has been made to reduce the significant impacts on the environment and society and to avoid/minimize the need for land acquisition. In particular,



alternative analysis of the coastal road (Tinh Gia sub-project) led to the avoidance of acquiring two hectares of casuarina planted forest and the reduction in the number of affected houses.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

Five Environmental and Social Impacts Assessment (ESIA) were prepared for each of the towns/cities to assess the potential impacts and risks associated with construction and operation of the proposed investments. The ESIA's referred to the World Bank Group Guidelines on Environmental, Health and Safety, including due diligence review of disposal sites and material resourcing.

Five Environmental and Social Management Plans (ESMP) were prepared as integral parts of the five sub-project ESIA's. The objectives of the ESMPs are to: i) ensure compliance with the applicable provincial, national, laws, regulations, standards, and guidelines; ii) ensure that there is sufficient allocation of resources on the project budget for implementation of ESMP-related activities; iii) ensure that environmental risks associated with a project are properly managed; iv) respond to emerging and unforeseen environmental issues not identified in the sub-project ESIA; and v) provide feedback for continual improvement in environmental performance.

The ESMPs consist of the set of good practice mitigation measures to address common construction related impacts, which are referred to as ECOP. Site-specific mitigation measures and other environmental specifications were also included to address the environmental, social, health, safety issues, and risks specifically identified and assessed for the locations/activities of the sub-project. The ESMPs also specify the implementation, monitoring, supervision and reporting responsibilities of stakeholders, including the PMUs, detail design engineers, construction supervision consultants (CSCs), contractors, etc. Each sub-project ESMP also includes a Compliance Framework, which lays out the role and responsibilities of the contractor and a penalty system to address no-compliance cases of the contractor to the environmental management requirements of the sub-project.

The key mitigations measures at sub-project level during feasibility studies/engineering design include the siting of the WWTP at adequate distance to existing residential clusters, the usage of grass/vegetation combined with concrete structures to protect the embankments in order to maintain some green space. Safety measures such as sign boards and other traffic control facilities are included in the design of road intersections. Enhanced monitoring and warnings will also be arranged at risky areas, such as near the railway in Yen Bai. The design of the kindergartens in Thai Nguyen will be child-friendly with beautiful architectural design and safe, comfortable facilities for the children to use. Other specific measures proposed for construction phase include beneficial use of parts of the excavated materials (relative large in some sub-projects: one million cubic meters in Tinh Gia, two million cubic meters in Thai Nguyen, and 635,000 m<sup>3</sup> in Hai Duong) for backfilling and ground leveling. For safety reasons, the affected communities will be instructed to use alternative routes or venues during the rehabilitation of the existing bridges and kindergartens.

With the dredging works in all five towns/cities, Dredging and Dredged Materials Management Plans (DDMPs) have been prepared to address the impacts of dredging, temporary storage/handling/transportation/disposal of the dredged materials. In particular, as the sampled sediment taken from dredging area in Tinh Gia sub-project has salinity at about 3% to 5% (which exceed tolerance range of number of plants such as rice, corn, bean, tomato, mango etc.), the DDMP requires that impermeable materials (such as tarpaulin) would be laid on temporary disposal ponds and leakage wastewater would be led back to the canal to prevent the damaging effects that the brackish/saline sediment and wastewater may cause to local soil and crops.

With the affected production forests in project areas, in addition to compensation (1.45 ha and 27.5 ha in Thai Nguyen and Yen Bai, respectively) in accordance with RAP, the ESMP also proposed other measures, such as forbidding catching/hunting of wildlife and banning unauthorized tree cutting or setting fires by the workers, to prevent the risks



on forests related to the presence of the workers. Construction will also be scheduled to avoid most sensitive times.

During project implementation, the PMUs, through their dedicated environmental and social staff/units, will be responsible for monitoring and ensuring that the sub-project is in compliance with the commitments specified in the ESMP. The PMU shall monitor and supervise to ensure that: (i) detail design and cost estimations incorporate relevant measures and environmental friendly solutions; (ii) construction bidding and contractual documents include relevant parts of the ESMP, such as ECOP and relevant specific mitigation measures that the contractors of each package are required to implement during construction phase. Representing the PMUs, CSCs will be responsible for day-to-day monitoring and periodical reporting on the contractor's environmental performance. In addition, CSCs will also arrange for environmental quality monitoring and training the contractor's workers, CSC team members, and PMU staff on HIV/AIDS awareness raising, the costs for such monitoring and trainings should be included in the CSC contract values.

All five PMUs have experience in managing infrastructure projects either financed by the government or international donors. Among these, Thai Nguyen and Yen Bai have safeguard experience through their works in past Bank-financed projects. However, the understanding of the majority of PMU staff of World Bank safeguard management requirements is limited. This safeguard management capacity gap of PMUs will be addressed through the use of capacity building services provided by an Independent Environmental Monitoring Consultant (IEMC) during project implementation. The IEMC will also carry out periodical monitoring to verify that sub-projects are environmentally compliant and recommend corrective actions if/when necessary. All five PMUs and resettlement committee of the project cities and towns have limited experience with the Bank's social safeguards policy. Therefore, capacity building for the implementing agencies and the PMUs as well as on-the-job training on the Bank safeguard policies and requirements will be provided to staff of the implementing agencies at the early stage of project implementation.

**Resettlement Policy Framework (RPF) and Resettlement Action Plans (RAP):**

A RPF for the project and RAPs were prepared for each sub-project to ensure that: (i) all project impacts will be mitigated, managed, and compensated at replacement costs; (ii) the implementation of land acquisition and resettlement for the project will comply with OP4.12 and Government policy; and (iii) the income and livelihoods of affected people will be restored at least equal to pre-project level or improved better.

**Grievance and Redress Mechanism (GRM):** Each sub-project safeguard instrument (ESMPs, RAPs) also includes a GRM to provide a framework within which complaints about safeguards compliance can be handled, grievances can be addressed, and disputes can be settled quickly. The GRM will be in place for each sub-project before construction commences.

Within the Vietnamese legal framework, citizen rights to complain are protected by the Constitution and Laws on complaint and denouncement. As part of overall implementation of each sub-project, a GRM team will be established by Environmental and Social Unit of the city PMU. Its assignments will include readily receiving, handling, and following up all grievances/complaints of affected people until they have been resolved satisfactorily. The key process and elements of the GRM include procedures for receipt and redress of complaints and grievance, responsible persons/agencies, and contact information.

The complaints can be received in verbal or writing form, by telephone, fax, or email. They can be sent to the local authorities, contractor, construction supervision engineer, city PMU, or the independent resettlement and environment monitoring consultants. Complaints will be logged in the record system and sent to responsible persons/agencies for taking action. To facilitate the complaint redress process, the GRM will be disclosed to affected people during public meeting and consultations. It is also included in the sub-project information leaflets and



distributed at the sub-project sites to provide practical information about grievances to local residents, including contact information and addresses.

The GRM also refers to the WB’s Grievance Redress Service (GRS) and clearly indicates that affected communities and individuals may submit their complaints to the World Bank’s independent Inspection Panel, which determines whether harm occurred, or could occur, as a result of non-compliance with the Bank’s safeguards policies and procedures. The website address providing information on how to submit complaints to the World Bank’s GRS is also provided.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Consultations were conducted with the affected households during April 2017 through November 2017. The affected people and communities and other relevant stakeholders were consulted on the RPF, sub-project ESIA, ESMPs, socio-economic studies, and RAPs. Feedback from the consultations were incorporated into the project design, the final draft RPF, sub-project ESIA, ESMPs, and RAPs. In particular, a family in Ky Anh town whose their family worshipping house would need to be relocated was consulted individually and they agreed to relocate with adequate compensation to be paid. Draft version of environmental and social safeguards instruments were disclosed both locally at the sub-project PMUs, and sub-project areas, and at World Bank’s websites before November 28, 2017. The final environmental and social safeguards instruments was disclosed locally and at the Bank’s websites. The Appraisal Stage Integrated Safeguards Data Sheet of the project was also disclosed at the Bank’s websites.

**B. Disclosure Requirements**

Environmental Assessment/Audit/Management Plan/Other		For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
Date of receipt by the Bank	Date of submission for disclosure	
27-Nov-2017	28-Nov-2017	
<b>"In country" Disclosure</b>		
Vietnam		
21-Nov-2017		
Comments		
<b>Resettlement Action Plan/Framework/Policy Process</b>		
Date of receipt by the Bank	Date of submission for disclosure	
28-Dec-2017	29-Dec-2017	
<b>"In country" Disclosure</b>		



Vietnam  
28-Dec-2017

Comments

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

**OP/BP 4.04 - Natural Habitats**

Would the project result in any significant conversion or degradation of critical natural habitats?

Yes

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

Yes

**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

**OP/BP 4.36 - Forests**



Has the sector-wide analysis of policy and institutional issues and constraints been carried out?

NA

Does the project design include satisfactory measures to overcome these constraints?

NA

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?

No

### **The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

### **All Safeguard Policies**

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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**APPROVAL**

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