

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC153

Date ISDS Prepared/Updated: 02-Aug-2012

I. BASIC INFORMATION

A. Basic Project Data

Country:	Vietnam	Project ID:	P121643
Project Name:	Vietnam Inclusive Innovation Project (P121643)		
Task Team Leader:	Nancy Chen		
Estimated Appraisal Date:	08-Oct-2012	Estimated Board Date:	28-Feb-2013
Managing Unit:	EASFP	Lending Instrument:	Specific Investment Loan
Sector:	General industry and trade sector (100%)		
Theme:	Technology diffusion (40%), Micro, Small and Medium Enterprise support (40%), Infrastructure services for private sector development (10%), Regulation and competition policy (10%)		
Financing (In USD Million)			
Financing Source		Amount	
BORROWER/RECIPIENT		5.00	
International Development Association (IDA)		55.00	
Financing Gap		0.00	
Total		60.00	
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The Project's Development Objective (PDO) is to help strengthen Vietnam's capacity to undertake inclusive innovation for improving the lives of the Bottom of Pyramid population. This will be achieved by: (i) Adopting, upgrading and developing inclusive innovation technologies; and (ii) Strengthening SMEs' technological and innovation capabilities thereby enhancing their competitiveness.

C. Project Description

The project will focus on developing high-performance and affordable solutions to address the needs

of the BoP, as well as providing support to SMEs to acquire, adopt, create and use technology and innovation. The project will use a pilot approach to reduce risk, focus on achieving some early wins and scaling-up a few pilot technologies, while building long-term capacity in selected institutions to carry out inclusive innovation in Vietnam. The project will support tools to encourage and incentivize collaboration between stakeholders, especially, among the business and research and universities sectors. In order to expedite the development of high-performance and cost effective solutions, collaboration with appropriate global R&D organizations will be supported. The project support will be targeted at priority needs filling gaps only, with due consideration given to a void duplication of efforts being supported under the FIRST project and/or other donor initiatives.

The project, estimated to cost around US\$60-75 million, will consist of three components:

1. Developing Inclusive Innovation Technologies
2. Upgrading Enterprise Technological Capabilities
3. Knowledge Transfer and Capacity Building

Component I: Developing Inclusive Innovation Technologies

Under, this component, the project will support the development of inclusive innovation technologies that will help address the problems of the BoP society. While developing actual solutions, project will also provide ancillary benefit in the strengthening of the overall institutional capacities (see Component III) of the participating institutions. Initiatives to support could include: (i) developing technological solutions to address National Development Challenges (NDCs); and (ii) acquiring, adopting, upgrading and creating inclusive innovation technologies.

(i) Developing Technological Solutions to address National Development Challenges. Under this initiative, the project will support solutions for two priority National Development Challenges that are important to address the problems of the BoP.

(ii) Developing, Adopting and Upgrading Inclusive Innovation Technologies. Under this program, the project will provide funds to RDTIs, enterprises and grassroots innovators to bring forward existing research and/or prototype technologies for development of (pilot) products up to the level ready for commercialization. This program would focus on upgrading available research/ technologies (both nationally and globally) for faster outcomes and would not include support for green field research. The priority areas would be identified by Authorities in consultation with stakeholders and international experts.

Component II: Upgrading Enterprise Technological Capabilities

This component would provide support to the small and medium enterprises to upgrade their technological capabilities in order to improve competitiveness and productivity. This will include support for: (i) the acquisition, adoption and use of technologies and innovation available domestically as well as globally; (ii) commercialization and sustainable production of inclusive innovation technologies including spin offs and start-ups;

and (iii) scaling-up of a few inclusive technology enterprises. The project will focus support on certain key SME sectors with significant untapped potential for improvement. Depending upon the particular activity, the project would provide matching grants and/or loans.

The project would assist business sector to convert inclusive innovation pilot technologies (coming out of initiatives under Component I) into commercially viable and affordable high-performance products for sustainable production. In order to ensure the pilot technologies developed are acceptable to industry (i.e., commercially viable), the institutions (supported under Components) will be required to interact with the relevant business/industry sector in the early stages of taking these products/services from the development stage to the commercial stage. The program would be open to all private enterprises and would provide support in a broad range of areas such as protection of intellectual property rights (IPR); global best practices on development and commercialization (such as the provision of a license, by a government, for scaling up production of a technology that would expire if the enterprise does not move forward with production within a certain time frame).

Component III: Knowledge Transfer and Capacity Building

The project would provide funding for, inter alia, knowledge transfer, training, study tours, feasibility studies, technical expertise, collaboration and twinning arrangements with global institutions, program design and execution, project management, monitoring and evaluation, etc. This would include provision of expert assistance to the relevant Ministries (such as MPI) and implementing agencies, technology licensing, IP protection, technology extension services to enterprises, skills upgrading, etc. If needed, this could also include preparation of important feasibility studies such as MSTQ infrastructure upgrading. Consideration could also be given to funding inclusive innovation fellowships to graduate students, awards, and research chairs (at RDTIs and universities) all focusing on inclusive innovation technologies and solutions. The project support would be targeted at priority needs filling gaps only, with due consideration given to avoid duplication of efforts being supported under other projects and/or donor initiatives.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

National scope so activities could take place anywhere in Vietnam.

E. Borrowers Institutional Capacity for Safeguard Policies

The Ministry of Planning and Investment (MPI), as representative of the Government, will have the overall responsibility for project implementation and coordination through the Enterprise Development Agency (EDA). The EDA will be responsible for the preparation and management of the project in close coordination with FERD and other relevant MPI departments, sector ministries (e.g. MoST, MoH), and specialized implementing agencies. EDA is the responsible agency for the planning, coordination and monitoring of government support programs for the development of SMEs in Vietnam.

The project will be implemented in a decentralized manner by relevant agencies (based on the contents of the programs) under the overall coordination and oversight of MPI.

The safeguard capacities of EDA have not yet been evaluated but it is possible they will not be very familiar with either World Bank or GoV safeguard policies. As

determined necessary during project preparation, support will be provided under the project to ensure they have sufficient safeguards capacity. To the degree that subprojects will be decentralized to other agencies, safeguard capacity (if any is needed) will likely vary substantially. In all cases however, EDA would be ultimately responsible for implementation of the EMF.

F. Environmental and Social Safeguards Specialists on the Team

Douglas J. Graham (EASVS)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The project is considered to trigger OP 4.01 on Environmental Assessment. The project intends to trigger the development of new technologies and promote them, possibly at large scale. It is impossible to further quantify what kinds of impacts might be generated as the kinds of innovative technologies to be promoted are unknown at this time and could be in almost any conceivable sector.</p> <p>The project will develop an Environmental Management Framework (EMF) to screen all innovation technology proposals for their potential positive and adverse environmental and social impacts, to develop relevant measures to mitigate adverse impacts, and to ensure compliance with applicable national laws and regulations, emission and discharge standards.</p> <p>A Category "B" for safeguards purposes is suggested because the potential adverse environmental impacts, if any, would not be irreversible and will be mitigable by design measures to be incorporated into the design of any given innovation.</p>
Natural Habitats OP/BP 4.04	No	<p>Although the exact nature of innovative ideas to be supported is not currently known, it is not considered possible that any proposal would be supported that would have a negative impact on natural habitats. Appropriate screening measures would be included in the project's EMF to avoid</p>

		impacts on critical natural habitats and mitigate any other impacts on natural habitats.
Forests OP/BP 4.36	No	No impact on forests or changes in management of forest resources will be contemplated under the project.
Pest Management OP 4.09	No	No procurement of pesticides will be contemplated or facilitated under the project. No innovation would be supported that would lead to a significant increase in pesticide use for agricultural activity or any other purpose.
Physical Cultural Resources OP/BP 4.11	No	An appropriate chance finds procedure will be included in the EMF.
Indigenous Peoples OP/BP 4.10	No	There is no reason to believe that any innovation supported under the project would involve any ethnic group so the policy is not triggered.
Involuntary Resettlement OP/BP 4.12	No	No land acquisition or involuntary resettlement will be supported under the project; this will be included as a criterion for eligibility of support.
Safety of Dams OP/BP 4.37	No	The project will not support or involve any dams in any way.
Projects on International Waterways OP/BP 7.50	No	The project will not have any impact or effect on any international waterway.
Projects in Disputed Areas OP/BP 7.60	No	No investment of the project will take place in any internationally disputed area.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 28-Sep-2012

B. Time frame for launching and completing the safeguard-related studies that may be needed.

The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

ESMF is under development by the client.

IV. APPROVALS

Task Team Leader:	Name: Nancy Chen	
Approved By:		
Regional Safeguards Coordinator:	Name: Panneer Selvam Lakshminarayanan (RSA)	Date: 07-Aug-2012
Sector Manager:	Name: Hamid R. Alavi (SM)	Date: 02-Aug-2012

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.