

**INTEGRATED SAFEGUARDS DATA SHEET  
APPRAISAL STAGE**

**Report No.: ISDSA1079**

**Date ISDS Prepared/Updated:** 26-Nov-2014

**Date ISDS Approved/Disclosed:** 26-Nov-2014

**I. BASIC INFORMATION**

**1. Basic Project Data**

<b>Country:</b>	Vietnam	<b>Project ID:</b>	P145055
<b>Project Name:</b>	Sustainable Agriculture Transformation Project (P145055)		
<b>Task Team Leader:</b>	Christopher Paul Jackson		
<b>Estimated Appraisal Date:</b>	17-Nov-2014	<b>Estimated Board Date:</b>	18-Mar-2015
<b>Managing Unit:</b>	GFADR	<b>Lending Instrument:</b>	Investment Project Financing
<b>Sector(s):</b>	General agriculture, fishing and forestry sector (40%), SME Finance (30%), Agro-industry, marketing, and trade (20%), Public administration- Financial Sector (10%)		
<b>Theme(s):</b>	Rural markets (50%), Rural non-farm income generation (20%), Other Private Sector Development (20%), Export development and competitiveness (10%)		
<b>Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?</b>			No
<b>Financing (In USD Million)</b>			
Total Project Cost:	351.00	Total Bank Financing:	275.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
BORROWER/RECIPIENT			12.00
International Development Association (IDA)			275.00
Local Sources of Borrowing Country			64.00
Total			351.00
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Is this a Repeater project?</b>	No		

**2. Project Development Objective(s)**

The project development objective is to improve farming practices and value chains in the targeted

project areas, and promote institutional strengthening of relevant public agencies in effective support to implementation of the Agricultural Restructuring Plan.

### 3. Project Description

The strategic orientation of the vnSAT is to support the implementation of the Government's ARP. It is designed to combine assistance to policy and institutional reform that supports the reorientation of the central line ministry (MARD) and associated public agencies as well as key private sector stakeholders, and targeted support to two critical sectors where conditions are most suited to the rapid implementation of the new approach embodied in the ARP. The combination of supported policy and institutional reform and results in two key sectors of rice (in MKD) and coffee (in the Central Highlands) aim to deliver development impacts for beneficiary farmers, and will demonstrate the merits of this new orientation thereby building support for the continued and broader implementation of the strategy. The rice and coffee sectors were selected because: (i) they are large and project impacts would therefore be to scale and transformative; (ii) there are existing private sector agribusiness keen to collaborate; and (iii) previous analytical work has already clearly identified current unsustainable practices and the improved practices suitable for scale-up.

Alternative approaches were considered and rejected. A project that delivered only technical assistance (TA) to MARD and key agencies would be unlikely to generate sufficient support amongst sector practitioners (including private sector agribusinesses) and would lack the instruments to change on-farm practices. Conversely, a project focused exclusively on support to farmers (and agribusinesses) would deliver results for project beneficiaries but would likely remain an 'island of excellence' within a public administration wedded to old practices and unable to address future challenges.

VnSAT comprises the following four components: (A) Institutional Strengthening to Support Agricultural Transformation; (B) Supporting Sustainable Rice-Based Systems; (C) Supporting Sustainable Coffee Production and Rejuvenation; and (D) Project Management.

Component A: Institutional Strengthening to Support Agricultural Transformation (\$10.0 million, of which \$9.7 million IDA) aims to provide capacity building (CB) and organizational development (OD) to MARD, selected provincial DARDs, other public sector agencies and value chain actors to implement the new roles prescribed in the ARP. This component will support the transition of MARD departments (including DARDs) from a 'product organization' to a 'service organization'. This component is anchored in the sectoral and organizational restructuring plans. Functional and organizational analysis in the first year of the project will determine a set of CB and OD requirements to be supported in subsequent years. This will include CB in a series of priority cross-cutting agendas (green growth, project analysis, sector monitoring, budgeting and planning, etc.). Subcomponent A1 provides this CB and OD to central level departments, based on their departmental restructuring plans and the diagnostic functional analysis. This subcomponent aims to support TA needs for priority reform agendas such as the Government's program of equitization of agriculture-sector SOEs and other policy areas. Subcomponent A2 provides essentially the same diagnostic and remedial activities for project provinces (plus possibly additional provinces) and, as such, focuses on the service delivery capabilities of the DARDs with regard to local farmer needs – with a natural focus on rice (in the MKD) and coffee (in the Central Highlands). Subcomponent A3 will support a range of value chain actors and networks and PPPs. The rice and coffee sectors are to be prioritized but others may be considered. This would include support to the national PPP Secretariat established under the auspices of the World Economic Forum (WEF) and the newly launched Vietnam Coffee Coordination Board (VCCB). It could include support to the related rice-

sector bodies such as the Vietnam Food Association (VFA).

Component B: Supporting Sustainable Rice-Based Systems (\$224.1 million, of which \$167.2 million IDA) would support activities in the eight MKD provinces of Kien Giang, An Giang, Hau Giang, Tien Giang, Can Tho, Soc Trang, Dong Thap, and Long An. It will adopt a cluster approach, focused on around 30 districts and around 200,000 small-holder rice farmers and approximately 15 private sector agribusinesses. Subcomponent B1 aims to support improved on-farm practices of rice farmers through provision of technical training and demonstration on the basis of establishment and capacity building of farmer organizations (FO). Matching grants would be provided to FOs to support them in (a) certified seed multiplication, (b) leverage their investments in collective harvesting and processing equipment and postharvest facilities to reduce post-harvest losses and improve their marketing position, and (b) improve selected collective infrastructure (i.e. feeder roads, connecting electricity, pumps and irrigation, etc.) to maximize FO production system efficiency including crop rotations and by-products recycling. Advanced FOs will be further assisted to link with agribusinesses (AB) (whom are supported under B2) to improve further marketing aspects (i.e. contract farming, products branding, etc.). Subcomponent B2 aims to support private sector investments in upgrading rice processing technology and facilities for high value and quality rice through provision of medium- and long-term loans via commercial banks on a commercial basis. Selected ABs would directly source paddy from FOs (whom are supported under B1) to re-position themselves into the quality and specialty rice market segments. Subcomponent B3 aims to support technical departments and concerned agencies of MARD and DARDs in the project provinces to improve their extension skills, capacity and quality, enhance capacity of foundation seed production and certification, and monitor GHG emissions and measurements from the systems that will be adopted with improved agronomic practices. A technical collaboration program between MARD and the IRRI that were already initiated under ACP would be supported by the project to provide overall technical support to MARD and project provinces. This would include research on nutritional aspects of rice production.

Component C: Supporting Sustainable Coffee Production and Rejuvenation (\$100.9 million, of which \$88.7 million IDA) would support the transformation of a substantial portion of Vietnam's coffee sector to sustainable practices. The project would focus in the five major robusta coffee-producing provinces. The project would adopt a phased approach, with Lam Dong, Dak Lak and Dak Nong provinces moving to full implementation immediately after project effectiveness. For Gia Lai and Kom Tum, the project would focus initially on strengthening landscape planning with direct investments at the farm level to follow. This reflects the different level of preparedness for the project in the two clusters. This component would consist of three sub-components. Subcomponent C1 would support sustainable production practices among targeted coffee farmers via farmer field school training and the provision of matching grants for farmers to adopt one or another of the existing irrigation water saving technologies. Subcomponent C2 would support coffee rejuvenation/replanting by a sub-set of farmers participating in the farmer field schools. Support would be provided to strengthen the existing system of plant nursery inspection/certification. Long-term finance would be provided, via a line of credit (LoC) administered by commercial banks, to cost-share coffee replanting investments, with this disbursement contingent on the application of critical sustainable production practices. Subcomponent C3 would support pilots, at community or district levels, to apply an integrated landscape management approach in coffee-based ecosystems. Support would be provided for awareness raising and for participatory assessment and planning processes and for selective community-level investments in landscape restoration.

Component D: Project Management (\$13.0 million, of which \$9.4 million IDA). This component

would provide equipment and incremental operating costs for project monitoring, financial management, and procurement activities, support short and long-term technical assistance to the project management team in selected areas, and support analysis and dissemination of findings related to the effectiveness and challenges associated with the different institutional and technical models being applied or piloted under the project.

The project incorporates a Line of Credit (LoC) for on-lending through a wholesale bank to eligible commercial banks and subsequently to rice export agribusiness in the MKD and farmers investing in coffee rejuvenation in the Central Highlands. The key factors determining the appropriate institutional arrangement for the management of the LoC regarding coffee replantation include: (a) the lending product must be attractive to potential financial institutions – this requires that the pass-on interest rate at which they will access the LoC is sufficient low to allow them to apply a margin to cover cost, risk and acceptable profit; (b) the interest rate to be paid by the end-borrower should be sufficiently affordable to farmer households based on the actual cash flow projection for the coffee replantation during first several years when there will be no income; (c) the LoC is a response to market failure by providing much needed medium and long term loans for coffee replantation and agribusiness’ need to expand their capital investment on fixed asset, the LoC arrangement shall create level playing field by encouraging participating from private sector players i.e. the commercial banks to sustain the long term agriculture financing in Vietnam; (d) GoVN through SBV is launching a subsidy loan scheme to support coffee replantation and rice export agribusiness, this project will demonstrate a model which can create competition and support long term sustainability of mobilizing local resources; and (e) the institutional arrangements need to provide efficient oversight of several PFIs and the proper fiduciary management and safeguard arrangement at reasonable cost. The IDA Credit would be made to the GoVN for on-lending to a wholesale institution who would be responsible to accredit the interested PFIs based on the agreed accreditation criteria.

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

Component A of the project focuses on strengthening the capacities of various public institutions to design, implement, and monitor agricultural restructuring and sustainability initiatives. Most activities under this component include technical assistance, policy studies, training, and study tours at the central level, which aim to support the ministry and its technical departments in strengthening their technical capacity and management for improved functionality. This component also supports implementation of Components B and C, which is to improve sustainability of rice and coffee sectors. With proper screening mechanisms incorporated in project design plus with close implementation support of the Bank Task Team during project implementation, this component is expected to yield positive environment and social impacts for Vietnam’s agriculture sector especially in its transformation from the current volume target approach to sustainability, quality, and equality.

Component B (Supporting Sustainable Rice-Based Systems) will focus on 30 key rice districts in 8 provinces in the Mekong Delta, namely Kien Giang, An Giang, Hau Giang, Dong Thap, Can Tho, Soc Trang, Tien Giang, and Long An. Agricultural land accounts for around 70% of the total land area in these provinces. Fields are currently under highly intensive cultivation (2-3 crops per year), with widespread and often excessive use of agro-chemicals (across the MKD over 500,00ha are now triple-cropped). The successful pilots of good farming practices under the Agricultural Competitiveness Project (ACP) will be scaled up under this project to promote reduced use of seed, pesticides and fertilizers, better water management and reduced methane as a greenhouse gas over a bigger scale at some 200,000 ha, involving more than 150,000 farming households. VnSAT supports the application of “3 Gains,3 Reductions” (3G3R) or the “1 Must, 5 Reductions” (1M5R) for rice

farming in the MKD, which aims for the use of improved seeds (compared to traditional varieties) and for the reduction in fertilizer and pesticide applications and more efficient water use. There will be relatively minor impacts such as dust, noise, waste and wastewater generation during construction of small scale infrastructure of storages, driers and rehabilitation of irrigation canals, feeder roads, etc. These impacts are temporary, localized and manageable. Overall, this component is expected to yield positive impact on environmental and social aspects in the project area. There may be some small scale land acquisition for upgrades of small scale public infrastructure. During project preparation and implementation, the project would explore different options of technical design and construction practices for infrastructure upgrades to avoid land acquisition and minimize socio-environmental impacts.

Component C (Supporting Sustainable Coffee Production and Rejuvenation) will be implemented in five key coffee provinces in the Central Highlands, namely Dak Lak, Dak Nong, Lam Dong, Kon Tum and Gia Lai provinces. The Central Highlands area is the location of several environmentally sensitive areas, including forests and national parks. However, since the project is focused exclusively on the introduction of improved agricultural practices and/ or on the rejuvenation of existing coffee farms, the project will not support the expansion of coffee in the areas that could result in negative environmental impacts. Coffee farmers will be supported to deploy Good Agricultural Practices (GAP) which will lower agro-chemical input use, improve water productivity while maintaining (or increasing) on-farm profitability. All rejuvenation areas will be environmentally screened to exclude all irreversible environmental impacts. In the existing coffee areas, the project would support improved agricultural practices, aiming at reducing agro-chemicals and water use.

Ethnic minority groups constitute a large proportion of the population in the Central Highlands. Poverty rate in the CH is high compared to the MKD. The socio-economic situation is complex, with indigenous EMs had been displaced historically by a large influx of migrants from northern parts of Vietnam, including a large proportion of EMs from the northern mountainous areas. The project would benefit from the social assessments prepared for the Central Highlands Poverty Reduction Project which was approved by Board last year and up it to incorporate them in project design to target relevant vulnerable groups, both ethnic minorities and other vulnerable households (e.g. female headed) to the extent that they are within the larger cohort of targeted beneficiaries.

## 5. Environmental and Social Safeguards Specialists

Thu Thi Le Nguyen (GENDR)

Nghi Quy Nguyen (GSURR)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	The project's overall socio-environmental impacts are expected to be positive as the objectives and activities promoting the reduction of chemicals and resource to be used in existing rice and coffee farming practices incorporated into components B and C. As project invests in some small-scale infrastructures such as storage facilities, dryer machines, small-scale irrigation canals, there will be relatively minor impacts such as dust, noise, waste and wastewater generation during

		<p>construction phase. These impacts are small, localised, temporary and manageable through Environmental Codes of Practice (ECOPs) to be implemented during the construction phase. Since there are also physical investments that will be identified during project appraisal, an Environmental and Social Management Framework (with EMP/ECOPs) for project direct financing and a separate ESMF for the line of credit portion have been prepared to guide the screening and mitigation of potential impacts from subprojects.</p> <p>For Component A and C, an analysis of potential environmental and social issues will be included in the TOR for policy and institutional studies and planning supports. The reports will also describe how the identified issues will be addressed either through existing safeguard instruments or provisions in proposed policies and planning. Other TA activities under Component B and C are expected to focus on sustainable farming practices, therefore unlikely cause negative impacts.</p>
Natural Habitats OP/BP 4.04	No	This policy is not triggered. The project will provide support towards good farming practices in existing farm land and will not acquire new land for farm expansion. The project will not finance any activities that result in adverse impacts on environmentally sensitive areas such as protected areas, forests or special areas for biodiversity conservation. All activities will be screened through the project ESMF to exclude activities that have potential negative impact on existing natural habitats.
Forests OP/BP 4.36	No	This policy is not triggered as the project envisions no investment in management of natural forests or plantations or involving conversion or degradation of critical forest areas. Activities to be financed under the project will be implemented in existing cultivated lands. The coffee rejuvenation planning and investment following landscape approach aims to identify appropriate sites for coffee plantation while restoring the landscape.
Pest Management OP 4.09	Yes	The project does not finance the procurement of any chemical pesticides or herbicides. The project

		is designed to promote the reduction in chemical pesticide use by enhancing sustainable farming practices. As national Integrated Pest Management Programs has been being implemented by MARD and DARDs for many years in project provinces, these substitute a standalone Pest Management Plan for the project. The ESMF includes a detailed annex on the national Integrated Pest Management instead of a stand-alone IPM.
Physical Cultural Resources OP/ BP 4.11	Yes	The siting of small infrastructure will avoid impacts on any existing known physical cultural resources. However, as subprojects may involve limited earth work, this policy is triggered as a precaution and a “chance finds” clause is included in ESMF/ECOP and construction contracts.
Indigenous Peoples OP/BP 4.10	Yes	This policy is triggered due to the presence of ethnic minorities in the project area. Since location and detailed design of all project activities are not known at project preparation, an EMPF has been prepared. During implementation, where there is a presence of ethnic minorities (i.e. districts or communes), a quick social assessment will be carried out to identify specific impacts on ethnic minorities and other vulnerable groups. Consultations were conducted to (a) receive inputs/feedback of local beneficiaries to design of investment activities, including addressing their concerns and recommendations; (b) ensure free prior consultations with ethnic minorities and provide them with culturally appropriate benefits; (c) address issues of concern by other stockholders; (d) identify specific actions to mitigate negative impacts. During project implementation, specific impacts and related actions for specific ethnic groups will be detailed in an appropriate EMDP and will be updated annually.
Involuntary Resettlement OP/BP 4.12	Yes	This is triggered due to the need for land for project activities. Since the exact location of small scale infrastructure schemes are not known at project preparation, the project has developed a RPF in case there is a need for private land acquisitions. During implementation, a Resettlement Plan will be prepared for each infrastructure scheme and reviewed by the Bank prior to implementation.

Safety of Dams OP/BP 4.37	No	This policy is not triggered. No construction or rehabilitation of dams or any activities dependent on existing or future dams is envisioned in the project.
Projects on International Waterways OP/BP 7.50	No	No sub-projects or activities will be implemented in areas of international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project is not located in disputed areas.

## II. 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 project is classified as an “Environment Category B” under Op/BP 4.01. The project’s overall environmental and social impacts are assessed to be positive. The project aims to support rice and coffee farmers to adopt improved farming practices to promote reduction in the use of chemical fertilizer, agro-chemicals, water and GHG emissions from rice and coffee farming. Negative impacts are assessed to be small, temporary, site-specific, and manageable and can be avoided or minimized through proper design and application of mitigation measures

The key potential negative socio-environmental impacts include: (a) improper use and management of agro-chemicals in agricultural production; (b) ineffective management and improper treatment of agricultural wastes and by-products; and (c) civil works impacts (i.e., increased localized level of dust, noise, disturbance to traffic and community, safety risks, water pollution risks) during the construction of new infrastructure or rehabilitation (i.e., construction of rice storages, processing facilities, feeder roads, etc.). These impacts are assessed to be temporary and localized in nature and can be avoided or minimized by proper mitigation measures.

The project will not finance the procurement of agrochemicals, pesticides, and herbicides. In contrast, the project is designed to promote the reduction in chemical and pesticide uses by promoting sustainable farming practices on farm and farmer organization basis. The project will follow existing MARD/IRRI’s IPM packages which were introduced to the MKD from 1997-2003, and the follow on programs of 3R3G from 2003-2009, and 1M5R from 2009-2014. The project has included safeguards measures to ensure under no circumstances project investments lead to forest loss.

Indigenous People (IP). There is significant presence of ethnic minority people in project area. In Central Highland region (Lam Dong, Dak Lak, Gia Lai, Dak Nong, Kon Tum), the percentage of ethnic minority people in population ranges from 23% (in Lam Dong) to 53% (in Kon Tum). It is important to note that some of the EM groups have immigrated to the Central Highlands regions from other areas of the country (primarily the north). This happened in the late ‘80’s and early ‘90’s as part of an explicit Government policy to exploit the economic potentials of the region, and more recently and spontaneously due to still relatively higher percentage of available land, better agricultural conditions, and rapid economic growth providing employment opportunities (primarily in the coffee industry). Findings of recent studies indicated a poor participation record of community members, especially vulnerable groups (e.g. ethnic minority, women) in the



planning, implementation and monitoring of local socio-economic development. Beside low education level and inherent psychological mindset, limited understanding of Vietnamese might constitute another barrier to ensure the equitable access to project benefit. In the MKD region, ethnic minority people accounts for 8.3% of the total population. The main ethnic minority groups are Khmer (6.9%) and Hoa (1.1%). In this region, the ethnic minority people mainly concentrate in Soc Trang and An Giang.

Involuntary Resettlement (IR). The land acquisition is required due to the construction/rehabilitation of small agricultural infrastructures. However, the impact would be marginal and would be managed through a fair compensation mechanism. In the current project design, specific investments, site will be identified during the project implementation based on demand and continuous consultation with local authority. It is worth to note that given the small impact on land and the potential benefit of the agricultural infrastructure, local community may choose to donate the land without receiving the proposed compensation.

**2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:**

Long term environmental impacts are assessed to be positive with the promotion of sustainable farming practices in project areas with reduced and appropriate dose for agrochemicals, pesticides, and herbicides and water. More expansive or intensive agricultural productivity in some areas could result in potential indirect impacts such as water pollution from increased use of pesticides, fertilizers or processing facilities. These will be addressed through the project's support to more environmentally and socially sustainable production. The project will enhance the sustainability and profitability of rice and coffee-based smallholder production systems in the project focused area, including ethnic minority people.

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

The potential impacts related to project activities are described in previous section. No other negative potential indirect and/or long term environmental and social impacts due to future activities are anticipated in the project areas.

**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.**

The Ministry of Agriculture and Rural Development (MARD) prepared an ESMF, RPF and EMDF during project preparation.

As details of sub-projects are not identified during project appraisal and following the project approach of sequencing the infrastructure upgrading or construction following farmers' adoption of improved farming practices, the ESMF aims to guide the project in screening, assessing and mitigating environmental and social impacts of project activities. An ESMF forms part of the feasibility study in accordance with the country's environmental regulations and the World Bank OP/BP 4.01. The ESMF requires that activities financed under the Project would not create adverse impacts on the local environment and local communities, and the residual and/or unavoidable impacts will be adequately mitigated. The framework provides guidelines for: (a) safeguard screening, including a negative list of sub-projects that would be excluded from the menu of eligible sub-projects; (b) impacts assessment and preparation and implementation of mitigation measures, including EMP for complex sub-projects or ECOP for simple, small scale subprojects. The sub-project EMP or ECOP will be included in the bidding and contract documents and will be monitored by supervision engineers; (c) preparation of the TOR to include

the analysis of potential environmental and social issues and recommendations to address the identified issues in the policy studies that are supported by the project; (d) safeguard documentation preparation and clearance; (e) safeguard implementation, supervision, monitoring, and reporting.

The project is designed to promote the reduction in chemical and pesticide uses by promoting sustainable farming practices on farm and farmer organization basis. The project design incorporates activities to improve sustainable farming practices and application of integrated pest management (IPM) and good agricultural practices (GAPs) to mitigate environmental impact and improve sustainable use and management of land. The project will follow existing MARD/IRRI's IPM packages which were introduced to the MKD from 1997-2003, and the follow on programs of 3R3G from 2003-2009, and 1M5R from 2009-2014.

At this stage as all specific sites at local levels including associated technical parameters are only tentatively planned now and they are subject to changes during implementation. The project investments are truly demand-driven, based on continuous consultation with local communities and their participation is on a voluntary basis. When project implementation begins, implementing agencies will verify and confirm again all the demands from local beneficiaries then include them in their provincial annual work plans. The social impacts of project activities are expected to be minors as during the preparation, implementing agencies have evaluated and excluded all investment proposals that may cause large-scale (or irreversible) social and environment impacts. In addition, a Social Assessment (SA) for the whole project is being prepared by MARD through a review of the relevant SAs recently prepared for similar Bank-financed projects in the same regions (i.e. the Central Highland Poverty Reduction Project and the Agriculture Competitiveness Project).

The SA analysis will inform the overall social impact and provide the basis for identifying mitigation measures and preparing Resettlement Policy Framework (RPF) and Ethnic Minority Planning Framework (EMPF) in accordance to Bank safeguard requirements. These frameworks will be used to guide the preparation of safeguard instruments during the project implementation. The EMPF set out guidelines to: (i) ensure that the EM people receive social and economic benefits that are culturally appropriate; (ii) avoid potentially adverse effects on the ethnic minority communities; and (iii) when such adverse impacts cannot be avoided, minimize, mitigate, or compensate for such effects. The RPF lays down the principles and objectives, eligibility criteria, entitlements, approval procedures, participation features and grievance procedures.

MARD and other project implementing agencies at the central and provincial levels have good experiences have been successful in addressing environmental and social impacts in other WB-funded projects. Nevertheless, the project will support capacity building of project implementing agencies with regard to the application of ESMF, RPF, EMPF, EMP and ECOP for safeguards management and compliance.

The wholesale bank for the LoC of the project, the Bank for Investment and Development of Vietnam (BIDV), have prepared a separate ESMF, setting out the guidelines and procedures for loans through PFIs to agribusinesses for upgrading rice processing technology and facilities and to coffee smallholder farmers for coffee replanting investments following the application of sustainable production practices. BIDV is responsible for safeguard aspects of the loans with source from vnSAT. BIDV, serving as the wholesale bank for the Rural Finance 3 Project (closed in 2013), have been successful in addressing environmental impacts on implementation of this

<p>project. The ESMF for LoC was built on the environmental instruments and lessons from the Rural Finance 3 Project. The Framework provides guidance for (i) safeguard screening of each loan sourced from vnSAT through a negative list of sub-projects that would be excluded from the menu of eligible sub-projects, (ii) monitoring and reporting, and (iii) impacts assessment, preparation and implementation of mitigation measures. The ESMF for LoC requires EMP is prepared for complex subprojects, and ECOP for simple, small scale subprojects. It also identifies the environmental requirements of Vietnam (i.e. EIA for complex subprojects and EPC for simple, small scale subprojects). The subproject EMP or ECOP will be included in the contract document and will be monitored by supervision engineers. BIDV has assigned the environmental management team working on Rural Finance 3 Project to be responsible for safeguards compliance of in line with the ESMF for LoC. Each PFI will appoint safeguard staff for loans from vnSAT. Capacity building and training on safeguards for BIDV and PFIs safeguard staff are specified and included in the project training activities. The ESMF for LoC will be approved by BIDV as it is acceptable to the Bank and form part of BIDV lending manual.</p>
<p><b>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.</b></p>
<p>In addition to the MARD, DARDs, CPMU, PPMUs, PFIs, other key stakeholders are local authorities, local communities, mass organizations, and project communities. Public consultation and disclosure of ESMF, EMPF and RPF were carried out during project preparation, especially during the week of October 27, 2014. Key participants included staff of implementing agencies, representatives of local authorities and community members. Feedbacks from all the consultations were taken into account in the preparation of the final documents and for subprojects' design.</p> <p>Prior to project appraisal, all safeguard documents (ESMF, RPF, EMPF) have been disclosed in Vietnamese at the Vietnam Development Information Center, and subproject areas in the project provinces. They have also been disclosed in English at the Bank's InfoShop in Washington DC.</p>

### **B. Disclosure Requirements**

<b>Environmental Assessment/Audit/Management Plan/Other</b>	
Date of receipt by the Bank	04-Nov-2014
Date of submission to InfoShop	04-Nov-2014
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
<b>"In country" Disclosure</b>	
Vietnam	03-Nov-2014
<i>Comments:</i>	
<b>Resettlement Action Plan/Framework/Policy Process</b>	
Date of receipt by the Bank	04-Nov-2014
Date of submission to InfoShop	04-Nov-2014
<b>"In country" Disclosure</b>	
Vietnam	04-Nov-2014
<i>Comments:</i>	
<b>Indigenous Peoples Development Plan/Framework</b>	
Date of receipt by the Bank	04-Nov-2014
Date of submission to InfoShop	04-Nov-2014

"In country" Disclosure	
Vietnam	04-Nov-2014
<i>Comments:</i>	
<b>Pest Management Plan</b>	
Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	04-Nov-2014
Date of submission to InfoShop	04-Nov-2014
"In country" Disclosure	
Vietnam	04-Nov-2014
<i>Comments:</i>	
<b>If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.</b>	
<b>If in-country disclosure of any of the above documents is not expected, please explain why:</b>	

### ***C. Compliance Monitoring Indicators at the Corporate Level***

<b>OP/BP/GP 4.01 - Environment Assessment</b>	
Does the project require a stand-alone EA (including EMP) report?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
<b>OP 4.09 - Pest Management</b>	
Does the EA adequately address the pest management issues?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
Is a separate PMP required?	Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ] NA [ <input type="checkbox"/> ]
If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
<b>OP/BP 4.11 - Physical Cultural Resources</b>	
Does the EA include adequate measures related to cultural property?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
<b>OP/BP 4.10 - Indigenous Peoples</b>	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ] NA [ <input type="checkbox"/> ]
<b>OP/BP 4.12 - Involuntary Resettlement</b>	
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
<b>The World Bank Policy on Disclosure of Information</b>	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
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 [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
<b>All Safeguard Policies</b>	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
Have costs related to safeguard policy measures been included in the project cost?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]

### III. APPROVALS

Task Team Leader:	Name: Christopher Paul Jackson	
<b>Approved By</b>		
Regional Safeguards Advisor:	Name: Josefo Tuyor (RSA)	Date: 26-Nov-2014
Practice Manager/ Manager:	Name: Nathan M. Belete (PMGR)	Date: 26-Nov-2014