

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC7242

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I. BASIC INFORMATION

A. Basic Project Data

Country:	Vietnam	Project ID:	P145055
Project Name:	Sustainable Agriculture Transformation Project (P145055)		
Task Team Leader:	Christopher Paul Jackson		
Estimated Appraisal Date:	17-Nov-2014	Estimated Board Date:	18-Mar-2015
Managing Unit:	GFADR	Lending Instrument:	Investment Project Financing
Sector(s):	General agriculture, fishing and forestry sector (40%), SME Finance (30%), Agro-industry, marketing, and trade (20%), Public administration- Financial Sector (10%)		
Theme(s):	Rural markets (50%), Rural non-farm income generation (20%), Other Private Sector Development (20%), Export development and competitiveness (10%)		
Financing (In USD Million)			
Total Project Cost:	300.00	Total Bank Financing:	275.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			25.00
International Development Association (IDA)			275.00
Total			300.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The project development objective is to strengthen the implementation of the agricultural restructuring strategy and to accelerate pace of sustainable transformation in selected sub-sectors and regions.

C. Project Description

The strategic orientation of the Vietnam Sustainable Agricultural Transformation Project (vnSAT) is to support the implementation of the Government's ARP. It will do so with a combination of 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. A combination of policy and institutional reform and results in two key sectors will deliver real results for beneficiary farmers, and will demonstrate the merits of this new orientation thereby building support for the continued implementation of the strategy.

Component 1: Institutional Strengthening to Support Agricultural Transformation

This component would strengthen the capacities of various public institutions to design, implement, and monitor agricultural restructuring and sustainability initiatives. It would likely include:

- a) Technical assistance/ training to MARD's Planning Department and agricultural restructuring steering committee and to DARDs in relation to public expenditure management and M&E systems for sector-wide sustainable development;
- b) Technical support and training for selected MARD departments to identify and implement strategies for organizational change and improved functionality;
- c) Support for policy and institutional studies related to various types of public-private sector partnerships/ collaborations and potential restructuring of state-owned enterprises (SOEs) in the sector; and
- d) Technical assistance to banks to increase their capability to lend to the agricultural sector.

Component 2: Supporting Sustainable Rice-Based Systems

The objectives of this component are to increase rice farmer's incomes, reduce the negative environmental impacts of rice-based production systems, and enhance the competitiveness of the commercial rice sub-sector. This component would support sustainable rice-based systems in the MKD through:

- e) Implementing a large-scale extension program on improved agronomic practices and management. Anticipated activities would include farmer training, establishment of demonstration sites, support for establishment of farmer organizations, provision of small matching grants to encourage farmers to adopt good farming practices, crop rotations, improved postharvest equipment and facilities, and better management/use of agricultural wastes and byproducts. The activities aim at reducing the volume of seed, fertilizer, water and pesticide use, and postharvest losses, while improving productivity, quality, and profitability;
- f) Supporting and leveraging private sector investments in upgrading rice processing technology and facilities (i.e. storages, dryer machines, processing equipment, etc.) for higher quality and specialty rice. The participating private sector agribusinesses are required to work/collaborate with farmers who are supported by the project to market their produce (i.e. contract farming); and
- g) Improving public services delivery to support farmer adoption of improved agronomic

practices and management. Anticipated activities would include necessary support for strengthening the capacity of technical departments and concerned agencies of MARD and DARDs in the project provinces (i.e. Departments of Crops, Plant Protection, Cooperatives and Rural Development, Agricultural Planning, Extension Centers, Seed Centers, etc.) to improve their extension skills, capacity and quality, and enhance capacity for foundation seed production and the certification of seed produced by farmer groups or private companies. At the central level, the project would also support a continued technical collaboration program between MARD and the International Rice Research Institute (IRRI) to provide overall technical support to MARD and the project provinces. The project would also support the on-going program to measure and monitor GHG emissions from rice in the different agro-ecological areas of the MKD.

While this component would be geographically targeted (in around 30 key rice districts in 8 provinces of the MKD, namely Kien Giang, An Giang, Hau Giang, Dong Thap, Can Tho, Soc Trang, Tien Giang, and Long An), it is expected that it will result in a transformational impact on the rice sector as the selected districts account for more than half of the MKD paddy production and more than three-fourths of its rice exports.

Component 3: Supporting Sustainable Coffee Production and Rejuvenation

The objectives of this component are to increase coffee farmer's incomes and reduce negative environmental impacts of coffee production in the Central Highlands Region. This component would support:

- a) Implementing a large-scale extension program to promote farmers' adoption of sustainable agronomic and management practices. Anticipated activities would include farmer training, establishment of demonstration sites, establishment of farmer groups, provision of small matching grants to encourage farmers to adopt good farming practices (i.e. water saving technologies, improved fertilizer management, etc.), supporting sustainable coffee rejuvenation where suitable (i.e. providing medium term credits via commercial banks), provision of small-scale public infrastructure (i.e. rehabilitating water intake canals, feeder road), and better management/use of agricultural wastes and by-products (i.e. using coffee husk for composting). The activities aim at reducing the use of fertilizers, pesticides, and water while improving productivity, quality, and profitability.
- b) Supporting upgrades of private sector nurseries (i.e. provision of technical training, quality control, certification processes, etc.).
- c) Enhancing quality and delivery of public service delivery. Anticipated activities would include necessary support for strengthening the capacity of technical departments and concerned agencies of MARD and DARDs in the project provinces (i.e. Departments of Crops, Plant Protection, Cooperatives and Rural Development, Agricultural Planning, Extension Centers, Seed Centers, WASI, etc.) to improve their extension skills, capacity and quality, and enhance capacity for seed production and certification. In addition, the project would also support MARD and provinces in improving their master plans for sustainable coffee production and rejuvenation to 2020 and toward 2030 and piloting landscape planning approach in selected districts in each participating province.

This component would be implemented in three key coffee provinces in the Central Highlands Region, i.e. Dak Lak, Dak Nong, and Lam Dong, and possibly expand to cover Kon Tum and Gia Lai provinces. Success and lessons learned from the project are expected to be scaled up through the government programs, especially the linkages between coffee replanting financing and adoption of

sustainable production practices and the landscape approach to natural resources management in a mixed economy.

Component 4: Project Management

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 would establish and support linkages with ongoing and future interventions by the IFC. For instance, vnSAT partner agribusinesses would be well positioned to ‘graduate’ to more tailored advisory services (provided with a cost-sharing element reflecting the greater private-good element). Similarly, coordination between vnSAT and the IFC would facilitate linkages between sustainable small-holder coffee producers and commercial trading companies.

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

Component 1 of the project will focus 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 is also supporting implementation of Components 2 and 3, 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 2 (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. 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 3 (Supporting Sustainable Coffee Production and Rejuvenation) will be implemented in three key coffee provinces in the Central Highlands, namely Dak Lak, Dak Nong and Lam Dong and

possibly expand to cover 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. 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. women headed) to the extent that they are within the larger cohort of targeted beneficiaries.

E. Borrowers Institutional Capacity for Safeguard Policies

MARD is the project owner, and the project will be implemented primarily at the provincial level by the DARDs. The PCU and the Agriculture Projects Management Board both have prior good experiences of implementing World Bank-financed projects, with a good record of safeguards compliance. Project activities are similar to the former ACP project, which includes the same provinces in the MKD and some geographical overlap in the Central Highlands, which is currently rated 'satisfactory' for safeguard compliance. The recently (December, 2012) approved Central Highlands Poverty Reduction Project (CHPOV - P128072), covering many of the same provinces demonstrates the commitment of the Government to addressing ethnic minority issues. Although the CHPOV project is being implemented by MPI, lessons learned can be shared with MARD in preparation and implementation of vnSAT.

For the credit line components, it is expected that provision of credits to farmers and agribusinesses under vnSAT would be implemented by agencies with good experience under Third Rural Finance Project (RF3 - P100916) and follow similar procedures. BIDV, VBARD and a number of commercial banks were participating financing institutions (PFIs) under the RF3 and effectively adhered to all safeguard requirements (environmental assessment and pest management) in the on-lending procedures. It should be noted that RF3 introduced additional environmental monitoring by the PFIs as part of their loan use monitoring of the activities being funded by the credit facility, thereby bolstering their in-house environmental monitoring capability.

F. Environmental and Social Safeguards Specialists on the Team

Thu Thi Le Nguyen (GENDR)

Nghi Quy Nguyen (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

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

		<p>reduction of chemicals and resource to be used in existing rice and coffee farming practices incorporated into components 2 and 3. 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 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 implementation, an Environmental and Social Management Framework (with EMP/ECOPs) will be prepared to guide the screening of potential impacts from subprojects. Regarding social impacts, the project will do an overall SA for the whole project design through secondary data review (data collected in recent Bank funded projects in the regions such as Central Highland Poverty Reduction Project, Agriculture Competitiveness Project) as there is adequate data on the socio-economic profiles of the provinces under the project. This analysis will inform overall social impact as well as potential mitigation measures. Specific relevant issues will be included and inform the ESMF, RPF and EMPF.</p> <p>For Component 1 and 3, 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 2 and 3 are expected to focus on sustainable farming practices, therefore unlikely cause negative impacts.</p>
Natural Habitats OP/BP 4.04	TBD	<p>The project will provide support towards good farming practices in existing farm land and will not acquire new land for farm expansion. Therefore, the project is unlikely to result in adverse impacts on environmentally sensitive</p>

		areas such as protected areas, forests or special areas for biodiversity conservation. However, at this stage, the locations of small-scale infrastructure are not yet known.
Forests OP/BP 4.36	TBD	All activities will be screened through the project ESMF to exclude activities that have potential negative impact on existing forest lands. As the project may support some limited forest restorations as part of the landscape approach in Component 3, the project will involve forest expert to screen potential negative impacts of the restoration activities to the forest.
Pest Management OP 4.09	Yes	The project will 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 will substitute a standalone Pest Management Plan for the project. The ESMF will include a detailed description/annex on the national Integrated Pest Management which is proposed to be adopted to comply with OP 4.09 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 will be 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. Although project provinces have been identified, specific locations (districts and communes) and detailed design of all project activities are not yet confirmed as the activities will be designed based on demand driven and continuous consultation principles. Hence at this stage it is not possible to know which activities will affect which ethnic groups. Hence, an EMPF will be 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 impacts on specific ethnic minorities and other vulnerable groups. Consultations will be 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. Specific impacts and related actions for specific ethnic groups will be detailed in an appropriate EMDPs.
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 will develop 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. The overall SA for the whole project design referred to above will inform the RPF.
Safety of Dams OP/BP 4.37	TBD	None of the project activities will involve construction or rehabilitation of dams or any activities dependent on existing or future dams. However, this will be confirmed during project preparation.
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.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 15-Nov-2014

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:

Following the completion of the technical missions in January and September 2014, the task team is finalizing the comprehensive list of preparatory studies to be completed prior to appraisal. The Task Team is assisting MARD team in preparing draft social and environment safeguards documents to meet the Bank's requirements. All draft safeguards documents are being revised by MARD and would be available for the Bank's final review before appraisal. The appraisal mission is scheduled for mid-November 2014.

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.

- The ESMF, RPF, EMPF and other safeguards instrument if any, will be prepared and disclosed by appraisal.
- Safeguards instruments for the subproject identified during project implementation will be prepared accordance with the project frameworks (i.e. ESMF, RPF, EMPF) of the project.

IV. APPROVALS

Task Team Leader:	Name: Christopher Paul Jackson	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Josefo Tuyor (RSA)	Date: 27-Oct-2014
Sector Manager:	Name: Nathan M. Belete (SM)	Date: 28-Oct-2014