

**INTEGRATED SAFEGUARDS DATA SHEET  
APPRAISAL STAGE**

**Report No.:** PIDISDSA15099

**Date ISDS Prepared/Updated:** 02-Oct-2015

**I. BASIC INFORMATION**

**1. Basic Project Data**

<b>Country:</b>	Vietnam	<b>Project ID:</b>	P155260
<b>Project Name:</b>	Vietnam Climate Innovation Center (VCIC) RETF (P155260)		
<b>Task Team Leader(s):</b>	Jana Malinska, Lan Van Nguyen		
<b>Estimated Appraisal Date:</b>		<b>Estimated Board Date:</b>	16-Oct-2015
<b>Managing Unit:</b>	GTCID	<b>Lending Instrument:</b>	Investment Project Financing
<b>Sector(s):</b>	Irrigation and drainage (25%), SME Finance (25%), Other Renewable Energy (25%), General industry and trade sector (25%)		
<b>Theme(s):</b>	Micro, Small and Medium Enterprise support (40%), Export development and competitiveness (10%), Technology diffusion (20%), Climate change (30%)		
<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:	5.18	Total Bank Financing:	0.00
Financing Gap:	1.00		
<b>Financing Source</b>			<b>Amount</b>
Borrowing Agency			0.38
InfoDev			3.80
Total			4.18
<b>Environmental Category:</b>	B - Partial Assessment		

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

The development objective of the project is to support entrepreneurs and small and medium enterprises involved in developing locally-appropriate solutions to climate change and increase business activity in the climate technology sector through the establishment of a locally-based climate innovation center.

**3. Project Description**

The proposed project will finance the establishment of a Climate Innovation Center (CIC) in Vietnam through a three year \$3.8 million RETF grant. The VCIC will be part of the global network of 7 Climate Innovation Centers (CICs) being launched by the infoDev Climate Technology

Program. The project has three components and main activities, as below:

Component I: Establishment, operations of VCIC and policy feedback.

1. Establishment and operations of VCIC:
  - Developing and coordinating VCIC's operation planning process to implement components II and III and promote public private partnership in green growth and climate change adaptation in Vietnam;
  - Providing finance for VCIC's office rental, purchase of equipment, printing and publications;
  - Preparing conditions for establishment and operation of Climate incubation and innovation fund after VCIC has been established and in operation;
  - Promoting cooperation between VCIC and funds under the management of Ministry of Science and Technology;
2. Establishment and operations of Project Management Unit (PMU):
  - Setting up a Project Management Unit to manage the project in accordance with current regulations, and once VCIC is in operation, to focus on supervising and monitoring its activities and coordinating with other organizations under the Ministry of Science and Technology;
3. Support policy development in climate technology innovation:
  - Encourage dialogue between government and private sector to study, propose and pilot and develop a policy framework to support technology incubation, business incubation, technology commercialization, private investment and develop capacity for organizations and associations operating in the area of climate change innovation;
  - Collecting feedback and lessons learnt from the deployment and implementation of the VCIC to propose policies to support development of climate innovation.

Component II: Climate technology and business incubation services, including grants to companies

1. Pre-incubation of climate technology and businesses:
  - Searching, selecting and incubating sound ideas on climate technology through grant competitions;
  - Connecting and guiding and guide organizations and individuals with sound climate technology ideas to participate in global grant competitions to find opportunities to access investors globally;
  - Organizing workshops and forums to introduce, connect organizations and individuals with feasible and innovative climate technology ideas with investors and government authorities to solicit funding for incubation.
2. Incubation of climate technology and businesses:
  - Organizing training courses and providing professional services for CIC member enterprises to develop and realize ideas, as well as create products with high commercial market potential;
  - Supporting entrepreneurs to connect with experts, research facilities to research and develop products;
  - Connecting CIC member enterprises with angel investors, business consultant at national, regional and global levels;
  - Training on business planning, financial management, business strategy, product research and development for organizations, enterprises and individuals in the area of climate change;
  - Supporting to promote investment from individual investors, investment funds, commercial banks to improve financial capacity for CIC member enterprises;
  - Providing training and professional services to enterprises and sound ideas selected through PoC competitions.

3. Climate change technology commercialization and market development support
  - Generating reports from market surveys and other analyses on business and profession opportunities in climate technology;
  - Supporting to connect VCIC enterprises with domestic and global market;
  - Providing consultancy services and support to climate technology enterprises to secure intellectual property rights, develop brand names and participate in technological markets and trading floors;
  - Supporting to promote products of VCIC enterprises and through social media channels.
4. Grants to the enterprises
  - Providing grants to enterprises selected in PoC competitions.

#### Component III: E-portal, database and business support services

- Creating a database on technology, technology enterprises, financial/non-financial partners, angel investors and experts in the area of climate change;
- Developing an VCIC e-portal;
- Disseminating and using database and e-portal effectively to support for VCIC's operations and its business support services.

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

The VCIC will be established in an existing facility and site in Hanoi. The specific location of the project related to the sub-components activities described above, is not known at this stage. The VCIC is designed to assist small high growth entrepreneurs and SMEs with innovative climate technologies and so will involve sub-grants to SMEs for implementation of grant activities.

#### **5. Environmental and Social Safeguards Specialists**

Giang Tam Nguyen (GSP02)

Son Van Nguyen (GENDR)

Thu Thi Le Nguyen (GENDR)

<b>6. Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	Yes	This policy is triggered because of the potential adverse impacts associated with the project financed small scale activities implemented by the small and medium private enterprises and technology ventures under Component II. These activities require the identification, mitigation and monitoring of potential adverse environmental and social impacts.
Natural Habitats OP/BP 4.04	No	Given the type and small size of the activities and location of the different sub-projects, the project is not expected to have the potential for any significant conversion or degradation of critical or other natural habitats. Therefore, this policy is not triggered.
Forests OP/BP 4.36	No	The type and small size of the activities and location of the different subprojects would not have the potential of having impacts on the health and quality of forests or the

		rights and welfare of people and their level of dependence upon or interaction with forest or bring about changes in the management, protection or utilization of natural forests or plantations. As a result, this policy is not triggered.
Pest Management OP 4.09	Yes	As the VCIC will finance activities in the sustainable agribusiness sector, there may be a chance of increased use of pesticides by the startup companies at a small scale. Therefore, this policy is triggered.
Physical Cultural Resources OP/BP 4.11	No	Subproject activities are not expected to result in any impacts on physical cultural resources. This policy is not triggered. However a “chance finds” clause will be included in the ESMF.
Indigenous Peoples OP/BP 4.10	No	The project is not anticipated to affect the Indigenous Peoples in the project area, and therefore, this policy is not triggered.
Involuntary Resettlement OP/BP 4.12	No	The project does not trigger the Involuntary Resettlement Policy, since the project will not include any civil works or land acquisition nor any activities that will restrict access to resources or services.
Safety of Dams OP/BP 4.37	No	The project involves no construction of dams nor are the project activities vulnerable in any way to any upstream dam. Therefore, the policy is not triggered.
Projects on International Waterways OP/BP 7.50	No	No project activities are to be carried out on an international waterway. Therefore, the policy is not triggered.
Projects in Disputed Areas OP/BP 7.60	No	The project sub-project activities are not expected to be located in disputed areas and will not involve activities in areas known to involve or involve disputed areas.

## II. Key Safeguard Policy Issues and Their Management

### A. Summary of Key Safeguard Issues

<p><b>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</b></p> <p>The development of technologies supported by VCIC will bring positive social, economic and environmental impacts, including reduction of GHG emissions; improvement of access to renewable energy sources and more energy efficiency; improvement of access to water; increase in agricultural efficiency. The project also supports to the majority of people, including women, youth, the poor and the vulnerable groups to climate change.</p> <p>Environmental Assessment (OP/BP 4.01). The project triggers this policy because of the potential adverse impacts associated with the project financed small scale activities implemented by the small and medium private enterprises and technology ventures under Component II. These activities include supporting start-up businesses at early stage to develop and realize ideas, creation of products with high potential commercialized on market, and supporting entrepreneurs to research and develop products.</p> <p>The potential negative impacts of the project may include air pollution due to dusts and fumes, soil</p>
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and water pollution and waste from electrical, electronic, and metallic equipment, byproduct or, that would be produced as a result of construction and installation, manufacture and operation of SMEs. Since the VCIC would support a wide range of SME business ventures, there are also possibilities of a few adverse social impacts due to particular activities such as unsafe health and environment for workers, unsafe working place conditions, which among others may cause adverse impacts on people and society. SME owners should be responsible for controlling air, land and water pollution. With regards to unsafe health and environmental working conditions, health problems may result from a lack of safe facility arrangements, as well as waste and noise pollution in the working area. However, these potential impacts are expected to be small to moderate, temporary, site-specific and mostly reversible and mitigation measures can readily be designed. Therefore, the project is classified as a Category B project.

Pest Management (OP/BP 4.09). The project will not finance procurement of any pesticides. However, this policy is triggered as proposed subprojects are anticipated that they may involve use of small amount of pesticides for agricultural research purposes. Thus, national guidelines on sustainable use of pesticides will apply to such proposed subprojects. Also, the project will not finance formulated products that fall in WHO classes IA and IB, or formulations of products in Class II, if (a) the country lacks restrictions on their distribution and use; or (b) they are likely to be used by, or be accessible to, lay personnel, farmers, or others without training, equipment, and facilities to handle, store, and apply these products properly.

The project is expected not to have potential impacts on physical cultural resources (PCRs) such as temples, religious/spiritual sacred places, and relocation of graves. However, a chance find procedure will be included in the ECOP or EMP of sub-projects that involve construction activities

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

The potential impacts related to SME 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. The long term positive impacts of the project include reduction of GHG emissions, improvement of access to renewable energy sources and more energy efficiency, and increase in agricultural efficiency.

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

Not applicable. The small scale subproject activities are expected to be implemented at many different locations in the country.

**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.**

Environmental and Social Management Framework (ESMF). Since the project consists of a series of subprojects with the scope and impacts that are not identified during project implementation, the Borrower has prepared an ESMF to ensure that activities to be financed under the Project would not create adverse impacts on the local environment and local communities, and that the residual and/or unavoidable impacts will be adequately mitigated. The framework covers requirements for: (i) adequate safeguard screening including impacts on natural habitats, forests, and physical cultural resources; (ii) impact assessment and development of mitigation measures, including the Environmental Codes of Practice (ECOP) for construction activities and chance finds procedures; (iii) safeguards documentation preparation and clearance; (iv) safeguards implementation, supervision, monitoring, and reporting; (v) institutional strengthening and capacity building programs; and (vi) institutional arrangements and budget. The ESMF also includes a screening checklist to exclude all investment proposals that may cause significant or

irreversible social and environmental impacts. A sub-project will not be eligible for funding if it would: (i) involve the significant conversion or degradation of critical natural habitats; (ii) involve significant conversion or degradation of critical forest areas; (iii) contravene applicable international environmental agreements; and (iv) be located in a physical cultural resources site recognized at the national or provincial level. The ESMF has been reviewed by the Bank and found satisfactory, and has been adopted by MOST.

Subproject environmental safeguard instruments. The subproject environmental safeguard instruments such as EIA, EPP, ECOP, EMP during implementation will be prepared following the ESMF guidelines, reviewed by the Bank and need to be found satisfactory. The ECOP and EMP will be included in the subproject bidding and contractual documents.

Safeguard Implementation, Monitoring, and Training. The PMU created by NATEC, the implementing agency, will be responsible for the supervision of ESMF implementation. During project implementation, the PMU and VCIC will be responsible for ensuring the effective implementation of environmental safeguard measures (such as EMPs, ECOP) and regular liaison with local authorities and communities. There will be regular reporting on safeguards implementation by the SMEs and PMU. The PMU, VCIC, SME owners, contractors, consultants, representatives and leaders of community groups will receive training on the safeguard instruments to be applied to the project. The capacity building activities will be covered by the capacity building implementation plan of the sub-project.

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

The project ESMF has been shared with key stakeholders during consultations at project preparation and their views have been taken into account. In the process of preparing this ESMF, a consultation workshop on the ESMF was held on September 7-11, 2015. Key participants included representatives of SATI, MOST, NAFOSTED, and the National Science and Technology Policy Council. The consultations aimed to explore the potential social and environmental impacts of the project so as to, on the basis of the findings, inform project design/intervention strategy, as well as develop appropriate safeguards instruments. Stakeholders' inputs provided during the consultation were taken into account in the preparation and finalization of the ESMF. By appraisal, the ESMF was properly disclosed locally at through MOST's website on September 29, 2015 and at the InfoShop on October 1, 2015.

**B. Disclosure Requirements**

<b>Environmental Assessment/Audit/Management Plan/Other</b>	
Date of receipt by the Bank	30-Sep-2015
Date of submission to InfoShop	01-Oct-2015
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	00000000
<b>"In country" Disclosure</b>	
Vietnam	29-Sep-2015
<i>Comments:</i> The ESMF was disclosed on the MOST website on Sept. 30, 2015.	
<b>Pest Management Plan</b>	
Was the document disclosed prior to appraisal?	NA
Date of receipt by the Bank	////
Date of submission to InfoShop	////

"In country" Disclosure	
<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 type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input checked="" type="checkbox"/> ]
<b>OP 4.09 - Pest Management</b>			
Does the EA adequately address the pest management issues?	Yes [ <input type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input checked="" type="checkbox"/> ]
Is a separate PMP required?	Yes [ <input type="checkbox"/> ]	No [ <input 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>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 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(s):	Name: Jana Malinska, Lan Van Nguyen	
<b><i>Approved By</i></b>		
Safeguards Advisor:	Name:	Date:

Practice Manager/ Manager:	Name:	Date:
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