



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 26-Feb-2025 | Report No: PIDDC01214

**BASIC INFORMATION****A. Basic Project Data**

Project Beneficiary(ies) Viet Nam	Operation ID P509666	Operation Name Integrated Resilient Development Project	
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 06-May-2025	Estimated Approval Date 31-Dec-2025	Practice Area (Lead) Urban, Resilience and Land
Financing Instrument Investment Project Financing (IPF)	Borrower(s) The Socialist Republic of Viet Nam	Implementing Agency Quang Nam Project Management Board, Binh Dinh Project Management Unit	

Proposed Development Objective(s)

To enhance access to resilient infrastructure and planning, managing capacity for disaster-resilient development in selected provinces in Viet Nam.

PROJECT FINANCING DATA (US\$, Millions)**Maximizing Finance for Development**

Is this an MFD-Enabling Project (MFD-EP)?	No
Is this project Private Capital Enabling (PCE)?	No

SUMMARY

Total Operation Cost	223.35
Total Financing	223.00
of which IBRD/IDA	142.00
Financing Gap	0.35

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	142.00
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Non-World Bank Group Financing



Counterpart Funding	81.00
Borrower/Recipient	81.00

Environmental and Social Risk Classification

High

Concept Review Decision

The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Since the Đổi Mới¹ reforms in 1986, Viet Nam's urban population has surged from less than 20 percent to over 36 percent², marking a transformative period of economic and social change.** Urban areas now contribute over half of the country's GDP, serving as hubs of innovation, job creation, and economic opportunity. Cities such as Hanoi and Ho Chi Minh City have become engines of growth, attracting investment and labor. However, the pace of urbanization remains slower compared to regional peers like Thailand and Malaysia. Inadequate urban infrastructure, uneven service delivery, and environmental pressures constrain the full potential of Viet Nam's urban areas. Furthermore, unplanned urban growth has led to congestion, pollution, and disparities in access to public services, underscoring the need for more strategic urban planning and investments.

2. **Viet Nam's goal of achieving high-income status³ by 2045 hinges on sustained productivity growth, which requires better spatial development and urbanization management.** However, fragmented urban expansion, characterized by inefficient land use, low-density sprawl, and uncoordinated infrastructure investments, undermines these efforts. Such patterns result in higher costs for service delivery, increased energy consumption, and rising inefficiencies in connecting economic centers. For example, dispersed settlements and unplanned industrial zones often lead to difficulties in attracting investment, creating integrated transport networks, and managing resources effectively. To support higher productivity, Viet Nam must shift to compact, connected, and sustainable urban development. This will involve coordinated policy reforms, improved urban governance, and strategic investments in infrastructure that align with regional development priorities. Without these changes, the inefficiencies of the current urban growth trajectory could impede progress toward the 2045 high-income goal.

3. **Climate change poses a significant challenge to Viet Nam's high-income aspirations, with nearly 60 percent of the population and 70 percent of economic assets concentrated in areas exposed to hazards such as typhoons, flooding,**

¹ The US\$1.90-a-day poverty rate fell from 50 percent in the early 1990s to 1.9 percent in 2018, according to the Report: Climbing the Ladder: Shared Reduction and Shared Prosperity in Viet Nam (World Bank, 2018).

² Viet Nam's Urbanization at a Crossroads: Embarking on an Efficient, Inclusive, and Resilient Pathway (World Bank, 2021).

³ Defined by the World Bank as gross national income per capital of \$14,006 or more as of July 1, 2024 (updated annually).



and coastal erosion⁴. Viet Nam ranks among the top five countries most affected by extreme weather events globally, with sea-level rise threatening over 10 percent of the population and flooding impacting 20 percent annually⁵. In 2020, climate-related disasters caused an estimated US\$10 billion in economic losses, or 3.2 percent of GDP. Without decisive adaptation and mitigation measures, these losses could rise to 12–14.5 percent of GDP annually by 2050, pushing up to one million people into extreme poverty by 2030. Urban areas face compounded risks from flooding, landslides, urban heat island effect, unplanned development, and deforestation, with poorer communities disproportionately affected. Adaptation and resilience are critical for safeguarding livelihoods and achieving Viet Nam’s long-term development goals.

Sectoral and Institutional Context

4. **Viet Nam’s urbanization is characterized by a two-tier system, with first-tier cities such as Hanoi and Ho Chi Minh City continuing to serve as the primary engines of national economic growth, while secondary cities are increasingly playing significant roles, contributing to economic growth at regional and provincial levels.** Despite their potential to emerge as dynamic economic hubs, secondary cities face structural and institutional challenges that hinder their ability to contribute meaningfully to national development⁶. Secondary cities often lack strong industrial bases and instead rely on local consumption and service economies, functioning predominantly as “consumer cities” rather than “production cities” with robust tradable sectors such as manufacturing or high-value services. This dynamic reflects a broader pattern of secondary cities (with populations ranging from 200,000 to 500,000) characterized by widely dispersed industrialization and urbanization with disconnected development, which increases inefficiencies in urban service delivery and constrains job creation in higher-productivity sectors. These challenges are further compounded by difficulties in attracting private investment, limited infrastructure development, and uncoordinated planning and governance frameworks, all of which contribute to slower economic growth and reduced competitiveness compared to first-tier cities⁷.

5. **Urban infrastructure deficits exacerbate these challenges, particularly in secondary cities, which are disproportionately vulnerable to the impacts of climate change and disasters.** Uneven access to basic infrastructure—such as drainage systems, wastewater collection and treatment, and road networks—significantly increases exposure to hazards such as flooding. Nearly half of all industrial zones are directly exposed to intensive flooding, while economic hubs are almost twice as likely to experience flood-related damages compared to lower-growth areas⁸. Coastal secondary cities face additional risks from sea-level rise, typhoons, and coastal erosion, which threaten critical economic assets and the livelihoods of growing populations. Unmanaged growth and infrastructure deficits in secondary cities hinder their ability to support sustainable and inclusive economic development. Addressing these gaps through risk-informed investments, improved urban governance, and strategic planning is essential for enabling secondary cities to act as engines of resilient growth and to contribute more effectively to Viet Nam’s long-term development goals.

6. **The South-Central Coast region, including Binh Dinh and Quang Nam provinces, offers a critical opportunity to address these sectoral issues through targeted investments and strategic planning.** As industrial hubs hosting large-scale coastal economic zones and diverse tourism assets, these provinces face significant challenges, including infrastructure deficiencies, socio-economic disparities, and vulnerabilities to climate change. In 2020, the region’s monthly income per capita was 20 percent below the national average, and its multi-dimensional poverty rate was 6.5 percent, compared to

⁴ Vietnam Country Climate and Development Report (World Bank, 2022)

⁵ Resilient Shores: Viet Nam's Coastal Development Between Opportunity and Disaster Risk (World Bank, 2020).

⁶ Viet Nam’s Urbanization at a Crossroads: Embarking on an Efficient, Inclusive, and Resilient Pathway (World Bank, 2021).

⁷ Shifting the GEAR: Putting Viet Nam’s Urbanization onto an Efficient, Inclusive, and Resilient Pathway (World Bank, 2019).

⁸ Resilient Shores: Viet Nam's Coastal Development Between Opportunity and Disaster Risk (World Bank, 2020).



the national rate of 4.8 percent⁹. Vulnerabilities to disasters, such as flooding and coastal erosion, further threaten livelihoods and assets, with tourism sector losses from disasters ranging from US\$7.7 million to US\$40 million annually¹⁰. Typhoon Damrey in 2017 caused nearly US\$1 billion in damages, underscoring the region's fragility. Addressing these issues through investments in resilient infrastructure, risk-informed planning, and enhanced governance will enable these provinces to unlock their potential, contribute to national economic growth, and serve as models for sustainable development in secondary cities across Viet Nam.

7. **Viet Nam has prioritized resilient infrastructure investments as part of its broader socio-economic development goals.** The Politburo's Resolution No. 13-NQ/TW emphasizes the development of a synchronized and climate-resilient infrastructure system, while Resolution No. 06-NQ/TW on Planning, Construction, Management, and Sustainable Development of Urban Areas in Vietnam by 2030 focuses on sustainable urbanization. These guiding policies underscore the government's commitment to green, smart, and climate-adaptive urban areas, targeting the prevention of natural disasters and fostering socio-economic growth. The Viet Nam Socio-Economic Development Strategy (SEDS) for 2021–2030 further sets ambitious targets, aiming for infrastructure investments to account for 33–35 percent of GDP, with priorities in urban infrastructure, transport, energy systems, and disaster defense. However, institutional fragmentation and gaps in governance capacity, particularly in integrating climate and disaster risks into infrastructure planning, remain significant challenges.

8. **The World Bank and the Government of Viet Nam have established a long-term partnership to advance climate-smart urban development and coastal resilience, focusing on strengthening institutional capacity and aligning infrastructure investments with climate and disaster risk considerations.** This collaboration supports central ministries¹¹ and provincial/city authorities in integrating risk-informed planning into urban development, prioritizing investments that reduce vulnerabilities to hazards such as flooding, coastal erosion, and unplanned urban expansion. Flagship reports like “Resilient Shores: Viet Nam's Coastal Development – Between Opportunity and Disaster Risk” and “Vietnam's Urbanization at a Crossroads: Embarking on an Efficient, Inclusive, and Resilient Pathway” have provided critical analyses of resilience risks, governance challenges, and infrastructure gaps, while City Scans¹² offer localized geospatial insights for addressing vulnerabilities in specific urban areas. Together, these efforts have informed policies, supported locally tailored urban models, and facilitated the adoption of nature-based solutions. The partnership builds on Viet Nam's focus on innovation and urban management, helping the development of strategies to attract investment, improve governance, and support sustainable urban growth.

9. **Viet Nam's Ministry of Planning and Investment (MPI) requested the World Bank to support improving the resilience of infrastructure services in the South-Central Coast region, while the Ministry of Construction (MOC) has requested further support to improve the competitiveness and resilience of secondary cities.** Binh Dinh and Quang Nam provinces, with respective Tam Ky and Quy Nhon capital cities, have been prioritized as the initial focus for this investment program due to their strategic economic importance, high exposure to climate risks, and strengthened capacity for risk-informed urban development through years of engagement with World Bank technical assistance. Their prioritization reflects the broader collaboration between MOC, MPI, and the World Bank to address vulnerabilities in key economic

⁹ General Statistics Office, 2020.

¹⁰ Resilient Shores: Viet Nam's Coastal Development Between Opportunity and Disaster Risk (World Bank, 2020).

¹¹ Among others, Ministry of Construction (MoC), Ministry of Agriculture and Rural Development (MARD), Ministry of Nature Resources and Environment (MoNRE), Ministry of Transport (MoT), and Ministry of Planning and Investment (MPI).

¹² City Scans are produced by the City Resilience Program (CRP), a multi-donor initiative and partnership between the World Bank and the Global Facility for Disaster Reduction and Recovery (GFDRR) that empowers cities to invest in climate and disaster resilience.



hubs and promote sustainable urban growth. Other provinces where the World Bank has provided technical assistance are expected to follow with similar investment programs, further scaling up efforts to enhance resilience and drive inclusive economic development across Viet Nam.

Relationship to CPF

10. The proposed **Integrated Resilient Development Project (IRDP)** is fully aligned with the **World Bank Country Partnership Framework (CPF) for Viet Nam 2018-2022**¹³. It will support the vulnerable coastal provinces of Quang Nam and Binh Dinh as two individual projects in increasing access to resilient infrastructure and strengthen disaster preparedness, which is fully consistent with Focus Area 3 of the CPF to “enhance environmental sustainability and resilience.” In particular, the Project will support extensive structural and non-structural interventions that will “increase climate resilience and strengthen disaster risk management” of the projects’ provinces, as aligned with CPF Objective 10. The proposed Project will also support investments to improve the wastewater collection and treatment systems of the projects’ provinces, which aligned with CPF Objective 11 to “strengthen natural resource management and improve water security”. The Project will contribute to the Bank’s Twin Goals of eliminating extreme poverty and boosting shared prosperity by supporting the two provinces in increasing access to improved basic services for the bottom 40 percent of the population, removing infrastructure constraints, and improving connectivity and access to jobs for both male and female members of local communities. The IRDP supports Vietnam's efforts under the Paris Agreement by enhancing climate resilience and reducing emissions. The project includes measures such as Nature-based Solutions and managing flood risks to adapt to climate change impacts. These actions align with Vietnam's Nationally Determined Contributions (NDCs) and aim to foster sustainable urban growth, especially in vulnerable coastal areas. The project also strengthens provincial capacity through capacity building to improve climate adaptation and mitigation efforts. Additionally, the project seeks to attract investments that support sustainable, climate-resilient development in line with the financial goals of the Paris Agreement.

C. Proposed Development Objective(s)

To enhance access to resilient infrastructure and planning, managing capacity for disaster-resilient development in selected provinces in Viet Nam.

Key Results (From PCN)

The IRDP will have the following key indicators to track progress toward the IRDP PDO for the selected provinces, Quang Nam and Binh Dinh:

Table 1: PDO Level Indicators

PDO Outcome	Outcome indicator
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¹³ Country Partnership Framework for the Socialist Republic of Vietnam for the Period FY18-FY22 (World Bank 2017, Report No. 111771-VN).



Reduced vulnerability to climate change impact and flooding risk and enhanced capacity	<u>For Quang Nam province:</u> • Number of people benefiting from flood discharge coverage (number, sex-disaggregated percentage) • Number of people benefiting from flood protection infrastructure (number, sex-disaggregated percentage) <u>For Binh Dinh province:</u> • Number of people benefiting from flood protection infrastructure (number, sex-disaggregated percentage)
Improved connectivity and access to resilient infrastructure	<u>For Quang Nam province:</u> • Number of people who have access to improved waterway (number, sex-disaggregated percentage) • Number of people who have access to combined resilient roads and evacuation routes (number, sex-disaggregated percentage) <u>For Binh Dinh province:</u> • Number of people who have access to combined resilient roads and evacuation routes (number, sex-disaggregated percentage)

D. Concept Description

11. **The selection criteria for Quang Nam province, including Tam Ky capital city and Binh Dinh province, including Quy Nhon capital city is based on a combination of factors, focusing on regional economic significance and vulnerability to disaster risks as highlighted in the "Resilient Shores" report.** These cities, recognized as economic engines for their regions, play a crucial role in driving local industries and contributing to regional and national prosperity. This aligns with the Vietnamese government's vision of fostering balanced, inclusive growth, particularly in urban areas central to economic development in underdeveloped or uniquely challenged regions. Alongside economic considerations, the project prioritizes cities susceptible to disaster risks and climate change impacts, focusing on areas identified as high-risk zones for coastal erosion, sea-level rise, and extreme weather events.

12. **Informed by previous projects and analytics, the IRDP finances prioritized investments in Quang Nam and Binh Dinh provinces to increase access to resilient urban infrastructure and strengthen institutional capacity for climate-smart urban development.** The IRDP employs an integrated approach to concentrate multisectoral investments while also adhering to the provinces' priorities as stated in their respective Provincial Socio-Economic Development Plans. The project will finance: (a) prioritized resilient infrastructures, including flood drainage systems, multiple-purpose flood and storm protection and resilient roads and bridges and evacuation routes; and (b) project implementation and coordination activities. In addition, during the preparation, the World Bank also supported target provinces in enhancing disaster-resilient development planning and managing activities by providing guidance to relevant provincial departments, local authorities, and communities for investment prioritization and capacity enhancement in technical design. The support also focuses on Nature-based Solutions. IRDP will continue to support these efforts during project implementation by formulating and finalizing the detailed technical designs of investments. Furthermore, coordination with ongoing technical assistance programs, such as City Resilience and Resilient Transport Initiatives, will be incorporated to strengthen provincial departments' capacity for climate-smart urban development. The project activities will (i) reduce the vulnerability of the provinces' key economic assets and communities to the impacts of climate change and flood disasters and (ii) provide access to resilient roads and bridges that will improve the connectivity of the core urban areas and key economic zones and provide evacuation routes in case of emergencies.

13. **The prioritization process is conducted collaboratively between the World Bank and the Government and is informed by the Bank's analytical work carried out in recent years.** The provinces of Quang Nam and Binh Dinh (together



with three other provinces, Khanh Hoa, Quang Ngai and Phu Yen) were originally prioritized because they are rapidly urbanizing in areas vulnerable to climate change, exemplifying the project's dual focus of managing growth and increasing resilience. By selecting these economically dynamic provinces that are highly vulnerable to climate impacts, the project balances promoting economic growth and building resilience. This technical prioritization process is combined with the national government's prioritization process, which is defined as the pace of government approvals, which varies by dozens of months. During this time, some provinces fall out of the process and others enter.

14. **The design of activities under the IRDP draws on lessons from the World Bank's past and ongoing interventions in Viet Nam and other regions.** It integrates principles such as leveraging analytical tools to manage climate and flood risks, adopting Nature-based Solutions to enhance adaptability and reduce life cycle costs, and incorporating flood risk assessments into infrastructure planning. Additionally, it emphasizes financing investments that enhance urban resilience, improve living conditions, strengthen public asset management, and promote community participation—especially among women—in Disaster Risk Management (DRM) and infrastructure planning. The World Bank's collaboration with Quang Nam and Binh Dinh provinces has further shaped the IRDP's design through technical assistance (TA), including integrated water management for Quang Nam's Truong Giang River sub-catchment (in partnership with the Netherlands) and embedding DRM perspectives into provincial economic development and investment plans. These efforts provided vital support in assessing disaster risks, reviewing provincial plans, identifying resilient investment priorities, and adopting a life-cycle approach to infrastructure planning, engineering, asset management, and contingency planning.

15. **The IRDP will be implemented over a six-year period and will fund infrastructure designed to withstand risks and climate hazards by using resilient standards, durable materials and by incorporating Nature-based Solutions.** IRDP will also help build capacity for climate adaptation and support provincial authorities with project design and implementation. The total IRDP cost is US\$223 million, of which an IBRD loan will be financed US\$142 million and counterpart funds (CF) from the provinces will finance US\$82 million. IBRD resources will be used to finance the physical investments in the two provinces while the CF resources will be used for related operational and administrative activities, including resettlement and compensation. The proposed investments under the Project were screened to ensure alignment with the Official Development Assistance (ODA) and Concessional Loan Strategy for 2021-2025 of the GOV (Decree No.2109/QD-Ttg dated December 15, 2021).

16. The IRDP consists of 2 separate components:

Component 1: Support to Quang Nam Province (IBRD: US\$76 million for direct construction cost; CF: US\$37 million for compensation, resettlement costs and taxes)

Component 1's objective is to enhance access to resilient infrastructure and enhance planning and managing capacity for disaster-resilient development in Quang Nam Province. This component in Quang Nam will finance investments that will reduce flooding in the sub-catchment of Truong Giang River and the capital city of Tam Ky in the downstream of the Vu Gia – Thu Bon River basin. This component also enhance access to the waterway in Truong Giang River and provides six resilient bridges that connect the East-West sides of Truong Giang River in the eastern part of Quang Nam province, connecting them to existing road networks and traffic systems to improve connectivity. The construction of resilient infrastructure is an important aspect of community capacity building and will enhance effective adaptation to climate change at the provincial level.

Component 1 consists of four sub-components as follows:

- *Sub-component 1a – Dredging Truong Giang River channel.* This sub-component aims to reduce flooding in the



Truong Giang River sub-catchment and Tam Ky City while ensuring compliance with Viet Nam Class IV Inland Waterways Standards. It involves rehabilitating a 60 km stretch of the Truong Giang River, including dredging the river channel to improve water flow during high-flow periods and constructing riverbank protections. The works will widen the river to enhance its flood-carrying capacity and incorporate nature-based solutions, such as green riverbank protections, to minimize erosion and support environmental sustainability.

- *Sub-component 1b – Constructing flood by-pass channel connecting Song Dam Lake and Truong Giang River.* This sub-component aims to reduce flooding in the Truong Giang River sub-catchment and Tam Ky City, complementing the dredging of the Truong Giang River under sub-component 1a. It involves constructing a flood by-pass channel linking Song Dam Lake to the Truong Giang River, which includes a combined water gate and ship lock. Additional features include moorings along the river for community use and tourism purposes and enhancements to Song Dam Lake's stormwater storage capacity to mitigate flood risks and improve water management in Tam Ky City. The design incorporates nature-based solutions to ensure structural stability and building capacity to withstand climate change impact while supporting environmental sustainability and promoting tourism opportunities.
- *Sub-component 1c: Construction of Six Bridges Across the Truong Giang River:* This sub-component focuses on improving connectivity and enhancing resilience in the Truong Giang River sub-catchment by constructing six bridges that link to the existing road and traffic networks. The bridges will be designed with climate resilience and flood risk mitigation strategies to withstand heavy rains and typhoons, ensuring reliable infrastructure during emergencies. These improvements aim to provide access to resilient infrastructure services, support emergency response, and promote tourism development along the river. The construction will utilize ultra-high-performance concrete or similar weather- and water-resistant materials to ensure durability and long-term performance.
- Financing for land acquisition, compensation, and resettlement costs is provided through the counterpart fund and integrated into sub-components 1a, 1b, and 1c. No new resettlement sites will be constructed for the project; instead, relocated households will be arranged into existing sites. These arrangements aim to ensure smooth implementation while addressing the social impacts associated with the Project.
- *Sub-component 1d – Project implementation support.* This sub-component will be financed by the counterpart fund for activities that support the project implementation of sub-components 1a, 1b and 1c, including (i) detailed technical designs; (ii) construction supervision and contract management; (iii) independent environmental and social monitoring; and (iv) independent financial audits.

Detailed information on Component 1 can be found in Annex 1 of the PCN.

Component 2: Support to Binh Dinh Province (IBRD: US\$66 million for direct construction cost; CF: US\$45 million for compensation, resettlement costs and taxes)

Component 2's objective is to enhance access to resilient infrastructure and enhance planning and managing capacity for disaster-resilient development in Binh Dinh Province.

This component will finance priority interventions to ensure the safety of the coastal communities from coastal disasters (e.g. flood, storm and storm surge) through the construction and rehabilitation of a combined coastal flood and storm surge protection embankment and coastal disaster emergency evacuation route. This dual-layered defense system will reduce the vulnerability and risk of the local communities and their assets and businesses from the coastal disasters by



establishing an effective robust defense system and a reliable means of escape during a disaster. In addition, this dual-layered defense system will also help to improve the connectivity between key economic and tourism centers in the eastern part of Binh Dinh Province, including its capital city of Quy Nhon. This holistic approach addresses immediate challenges and fortifies the region's long-term resilience and prosperity. The construction of resilient infrastructure is an important aspect of community capacity building and will enhance effective adaptation to climate change at the provincial level.

Component 2 consists of two sub-components as follows:

- *Sub-component 2a – Constructing roads and bridges connecting NH19C and Quy Nhon Port.* This sub-component focuses on significantly improving traffic connectivity and facilitating the efficient movement of goods between the urban area and Quy Nhon Port, a critical economic hub. By constructing 6.35 km of new roads and two strategically located bridges, the works will streamline transportation routes, reducing travel time and congestion for freight vehicles and commuters. These enhancements are expected to improve logistics efficiency, lower transportation costs, and increase the competitiveness of goods transported to and from the port. The improved connectivity will better integrate Quy Nhon Port with regional and national trade networks, stimulating economic growth in surrounding areas. Additionally, the infrastructure is designed with climate resilience and flood risk mitigation features, ensuring its reliability during heavy rains, typhoons, and emergencies. This resilience not only safeguards continuous goods and services flow but also supports emergency evacuation and disaster response efforts, reinforcing the area's overall sustainability and accessibility and community capacity to adapt and cope with climate change or extreme natural disaster impact.
- *Sub-component 2b - Constructing coastal roads and bridges connecting My Thanh and Lai Giang Communes.* This sub-component aims to strengthen disaster preparedness and improve traffic connectivity in Binh Dinh province by constructing a 38.14 km coastal road and rehabilitating three existing bridges. Designed to address rising sea levels and extreme weather, the road and bridges act as a first line of defense, protecting vulnerable coastal communities from storm surges and floods while ensuring the resilience of critical infrastructure and the community. Emergency evacuation routes integrated into the design provide safe and efficient pathways for residents to reach designated safe zones during disasters, reducing casualties and enhancing community preparedness and recovery. By safeguarding key economic and tourism areas, this infrastructure supports uninterrupted economic activity, promotes tourism, and fosters comprehensive community development and capacity building. Climate-resilient engineering standards ensure the long-term durability of these assets, enabling them to withstand the impacts of climate change and contribute to disaster-resilient planning, management and development.
- *Sub-component 2c – Project Implementation support.* This sub-component will be financed by counterpart fund to support of the implementation and coordination of sub-components 2a and 2b, including: (i) land acquisition, including compensation and site clearance, (ii) the preparation of detailed technical designs for the sub-components; (iii) construction supervision and contract management; (iv) independent environmental and social monitoring; and (v) independent financial audits. CF will finance this sub-component.

Proposed Project Cost

17. The total cost for both components is US\$223 million, of which US\$142 million will be financed by the World Bank. The remaining US\$ 82 million will be financed through counterpart funds from the PPCs of the Project provinces. The



counterpart funds will be used to finance land acquisition and compensation, TA activities, Project management, and other costs. Table 2 provides a breakdown of the project costs per sub-component for each province.

Table 2: Proposed Project Cost (US\$ million)

Component/Sub-component	IBRD	Counterpart Funds(*)	Total
Component 1 - Support to Quang Nam Province	76	37	113
<i>Sub-component 1a - Dredging Truong Giang River channel</i>	38	12	50
<i>Sub-component 1b - Constructing flood by-pass channel connecting Song Dam Lake and Truong Giang River</i>	38	15	53
<i>Sub-component 1c - Construction of Six Bridges Across the Truong Giang River</i>			
<i>Sub-component 1d - Project implementation support</i>	-	10	10
Component 2 - Support to Binh Dinh Province	66	44	110
<i>Sub-component 2a. Flood and Storm Surge Protection Embankments and Emergency Evacuation Routes</i>	66	33	99
<i>Sub-component 2b - Project implementation support</i>	-	11	11
Total Project Costs	142	81	223

(*) The counterpart fund is used to pay compensations, resettlement costs and taxes associated with the investments under sub-components 1.a, 1.b, 1.c and 2a

Legal Operational Policies

Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

18. **Environmental and social risk is overall rated High.** The risk classification under the World Bank's Environmental and Social Framework (ESF) is based on the initial screening of environmental and social risks and impacts of the project as follows.

19. **Environmental risks are rated as Substantial.** The proposed infrastructure includes the construction of coastal roads, bridges, river embankments and canals etc. The likely significant environmental risks and impacts include (i) partial



loss of coastal protection forests leading to localised vulnerability to natural disasters and accelerated coastal erosion; (ii) impact on local water quality and aquatic habitats from dredging and embankment construction; (iii) contamination of land and water from the release of salts, heavy metals and pesticides from inappropriate disposal of waste and dredging material; (iv) occupational and community health and safety on and off-site; (v) land degradation from the extraction of large quantities of construction materials; (vi) Unexploded Ordnance finds; (vii) structural impacts to nearby houses, roads etc.

20. The cumulative environmental risks and impacts from the project's activities will cause loss of aquatic biodiversity, river-wide water quality degradation, downstream flooding and erosion and public health and safety concerns. The project will not encroach on land-based critical or natural habitats due to the proposed road alignment in Binh Dinh. Dredging of the Truong Giang in Quang Nam could affect aquatic habitats by the removal of benthic fauna, destruction of their habitats and the possible release or resuspension of heavy metals and pesticides in the water.

21. Occupational Health and Safety (OHS) and community risks during construction include heavy machine operations, deep excavations, working at height, traffic safety and emergency preparedness. OHS and community risks will require close monitoring and oversight to prevent incidents. During operations, risks and impacts include pollution of waterways from an increased number of rivercraft, increased water runoff from impermeable surfaces contaminating land and water and increased traffic incidents.

22. These key impacts and risks can be addressed by the following approaches: (i) minimize forested land acquisition through alternative analysis on road and bridge alignments; (ii) budgeting and making payments to the provincial forest planting fund to compensate for the affected forests; (iii) providing timely and adequate support to affected communities, including providing prior notice about dredging schedules to the households affected with aquaculture and fishing; (iv) selecting less polluting dredging methods (for example, employing a pontoon excavator to remove materials to a barge, avoiding pumping with bottom suction, etc.); (v) using dredged materials for ground levelling; and (vi) implementing rigorous OHS and E&S plans to all activities including but not limited to roadworks and dredging for pollution control and health and safety risk management. Risks during the construction phase would be controlled by the inclusion of environmental, health and safety clauses and measures in contractor's self-monitoring, construction supervision, and independent monitoring services.

23. The location of the proposed infrastructure was subject to E&S screening to identify and avoid sensitive receptors, such as protected areas, forests, and cultural/historical sites. Environmental and Social Impact Assessment (ESIA), including Environmental and Social Management Plan (ESMP), was prepared for each area during project preparation and contains proposed mitigation measures in accordance with the mitigation hierarchy (i.e., avoidance, minimization, mitigation, and compensate/offset) and environmental capacity building activities for the relevant implementing agencies.

24. **Social risks are rated as High.** This is due to substantial land acquisition and resettlement and sizeable workforce, especially in Quang Nam. This rating may be reviewed before the Decision Meeting with updated livelihood data from affected households in Quang Nam. The project locations are in peri-urban areas, not near cultural heritage sites or sensitive social receptors like low-income or ethnic minority communities. Key social risks include large land acquisition for the project, particularly in Quang Nam. An estimated 632.7ha of land will be permanently acquired for construction, including 12.7ha of residential and 620ha of agricultural land (395ha of public land). Overall, 2,148 households will be affected, with 445 displaced physically and 1,219 significantly economically displacement. Additionally, more than 7,000 households will be impacted livelihoods by dredging 57 km of the Truong Giang River, which many of these households will permanently lose livelihoods.



25. Vulnerable households may be affected by land acquisition, assessed during the livelihood assessment before the Decision Meeting and throughout project preparation and implementation. Mitigation measures, such as construction within existing footprints, compensation at replacement cost, relocation to resettlement sites, and disposal of toxic sludge to non-residential, pre-screened sites, will be implemented to offset impacts in Truong Giang River. Given the project's size, a sizeable workforce is expected, raising occupational health and safety concerns.

26. Local communities have shown capacity to absorb social risks related to labor influx due to experience with industrial zones and tourist sites, but mitigation measures will still be necessary. Other adverse social impacts include temporary traffic and utility disruptions during construction, and community health and safety concerns related to sludge and excavated material handling.

27. Other key potential social risks identified include: (i) insufficient and untimely allocation of CF by the GoV for implementation of land acquisition, compensation, and resettlement due to the large amount of land acquisition and considerable funding requirement; (ii) increasing compensation prices during project implementation leading to lack of CF for payment; (iii) resettlement sites unavailable on time for relocation; (iv) low capacity of the implementing agencies for implementation of ES risks and impacts management activities in compliance with the ESF; (v) delay in resolving complaints of affected people; and (vi) potential risks to community health and safety, such as SEA/SH and communicable diseases (for example, HIV/AIDS) related to labor influx, traffic accidents, child labor and forced labor, and women trafficking during project construction period.

31. **Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) risk is rated as low.** A screening for SEA/SH risks will need to be undertaken, but the initial screening suggests that the sexual exploitation and abuse (SEA)/sexual harassment (SH) associated with worker influx indicated that the risk was low. The low-risk rating is because project activities will take place in peri-urban areas, there will be oversight provided at each work site, and the majority of the workforce will be locally recruited. The ESIA will discuss such impacts and risks, and the ESMP will propose mitigation measures in accordance with the mitigation hierarchy

28. These potential risks may cause delays to the land acquisition processes, non-compliance issues that will hold back works, and lack of consensus within local communities, leading to prevention of the project from achieving set targets. Mitigation measures were proposed in RP, LMP and SEP and will be implemented during project implementation.

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The Socialist Republic of Viet Nam



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