INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE

Report No.: ISDSC881

Date ISDS Prepared/Updated: 14-Mar-2013

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I. BASIC INFORMATION

A. Basic Project Data

Country:	Vietnam	**Project ID:**	P127978
Project Name:	Second Ho Chi Minh City Environmental Sanitation Project (P127978)		
Task Team Leader:	Sudipto Sarkar		
Estimated Appraisal Date:	14-Jun-2013	**Estimated Board Date:**	19-Dec-2013
Managing Unit:	EASVS	**Lending Instrument:**	Specific Investment Loan
Sector(s):	Wastewater Treatment and Disposal (50%), Wastewater Collection and Transportation (25%), General water, sanitation and flood protect ion sector (25%)		
Theme(s):	Pollution management and environmental health (50%), City-wide Infrastructure and Service Delivery (50%)		

Financing (In USD Million)			
Total Project Cost:	490.00	Total Bank Financing:	450.00
Total Cofinancing:		Financing Gap:	0.00

Financing Source	**Amount**
BORROWER/RECIPIENT	40.00
International Bank for Reconstruction and Development	250.00
International Development Association (IDA)	200.00
Total	490.00

Environmental Category:	A - Full Assessment
Is this a Repeater project?	No

B. Project Objectives

The proposed project development objective (PDO) is to improve the environmental conditions in selected areas of HCMC.

C. Project Description

HCMC's core urban area is divided into four main catchment areas: (a) Nhieu Loc-Thi Nghe (NLTN); (b) Tau Hu – Doi Te - Ben Nghe (THDTBN); (c) Tan Hoa - Lo Gom (THLG); and (d) Tham Luong - Ben Cat (TLBC). Together these four areas cover over halfofHCMC's population and most of its urban population. Over the past ten years, HCMC has undertaken a program to gradually clean-up these catchment areas improving their hydraulic capacity for drainage and installing and upgrading sewers and wastewater interceptors.

The World Bank has been actively supporting this process. The Bank-financed first HCMC Environmental Sanitation Project (HCMC ES) has effectively upgraded the NLTN catchment area and canal through the construction of over 70 kilometers of sewers, 8 kilometers of sewer interceptor, installation of a pumping station, and dredging and improving the embankments of the canal for improved drainage capacity. The result has been reduced flooding and the centralized collection of wastewater for over 1.2 million people in the catchment area.
The HCMC ES2 project is a natural continuation of the Bank's HCMC ES project which closes on June 30, 2012. Under the first project, through the construction of an interceptor and rehabilitation of the drainage system, wastewater from the NLTN basin would be transferred to a pump station. Once the pump station is operational, the wastewater would be pumped under the Saigon River to District 2. The pump station and the pipe that will transfer the wastewater under the Saigon River were also included as part of the HCMC ES project. Under HCMC ES2, the focus would be to treat the wastewater from the NLTN basin. The wastewater treatment plant will be located in District 2 which is a new development area and will eventually be a financial center and provisions will be made under the project to also treat the wastewater generated in District 2.

The total cost of the project is estimated to be around US$490 million with the proposed Bank financing of US$450 million (US$200 million IDA; and US$250 million IBRD). The remaining financing (US$40 million) will be from HCMC resources which would include financing costs of resettlement and land acquisition. The following three components are proposed:

Component 1: Wastewater Interceptor (estimated cost of US$90 million with contingencies). An eight kilometer long interceptor (diameter of at least 3 meters) is planned in District 2 to transfer the collected wastewater from the NLTN basin to a wastewater treatment plant. The proposed routing of the interceptor will take into account the plans for development of District 2 and the capacity of the interceptor would be sufficient to also eventually transfer the wastewater from District 2 once the area develops. The HCMC authorities are planning to install secondary and tertiary sewerage pipes for District 2 and currently such investments are not included in the project. However, during project preparation the Bank will have further discussions with HCMC authorities to determine whether the project: (a) will support the construction of sewerage pipes in District 2; and/or (b) will support the rehabilitation of existing sewerage pipes and household connections in the NLTN Basin.

Component 2: Wastewater Treatment Plant (estimated cost of US$370 million with contingencies). A wastewater treatment plant is planned for which various options are being considered, taking into account the need to meet environmental requirements and least cost, including investment cost and combined cost. The capacity of the treatment plant will also be reviewed during project preparation taking into consideration the actual water flows to the pump station during wet weather (storm water and wastewater) and dry weather (wastewater) flows – at this stage a plant with a capacity of 480,000 m3/day is being considered but this needs to reviewed further. The treatment plant will be built in phases. The wastewater treatment plant will be sized based on hydraulic and biological loads to be

determined with actual measurements during project preparation. A Design Build (DB) or a Design Build Operate (DBO) scheme is being considered where a private company will design and build the system. Under a DB scheme, the operations of the plant will be handed back to HCMC officials; under a DBO scheme the private sector will operate the plant for a given period of time and also train local staff on the operation of the plant. This treatment plant is going to be one of the largest wastewater treatment plants in Vietnam and it would be important to bring in international experience in cost effective ways to operate the plant. The project will also include a sludge disposal facility, most likely to be constructed through the resources of HCMC.

Component 3: Investment Support and Institutional Development (estimated cost of US$30 million). For a project of this size, it would be important for HCMC to have the necessary resources to ensure that the investments are carried out in a proper way and that wastewater and sanitation management in the city is sustainable from environment and financial standpoints. The cost of this component is less than 7 percent of the value of investments and is fully in line with practices elsewhere.

Under the Investment Support (US$20 million over six years), it is planned that a consulting company will be hired to assist with the pre-qualification process to select bidders for the interceptor and wastewater treatment plant, supervise construction, and regularly report to HCMC officials on the progress made. Also, support will be provided to the HCMC authorities to implement the Environmental and Social Management Plan (ESMP) and develop capacity on safeguards matters. Under Institutional Development (US$10 million over six years), the following activities are planned: update of the HCMC sewerage master plan, including drainage management as the sewers and storm water drains are connected; better septage management which would inclu de measures such as having an updated inventory of septic tanks in the project area, review of the septic tank cleaning records and ways to systematically increase the emptying of septic tanks, and recommendations on septage (solids from the septic tanks) collection and disposal practices in an environmentally friendly manner; public awareness on sanitation practices in HCMC, including a program where the public should be informed about the need to not discharge solid waste in the drains as this blocks the flow of water creating floods; and institutional support to Steering Center of the Urban Flood Control Program (SCFC) and the Urban Drainage Company (UDC).

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

The proposed wastewater treatment plant and the interceptor line would be constructed in District 2 – an area which is not yet fully developed and where the infrastructure (roads, water, sewerage lines) will be put in place in the medium to long term. Most of the land is agricultural in nature and is prone to flooding. Thus, the project design will consider flood protection measures for the wastewater treatment plant so that its operation is not interrupted.

Environment Aspects

Overall, the project will not have an adverse effect on the environment but will contribute towards reducing the organic pollution from human waste that is being currently discharged to the Saigon and Dong Nai rivers. Nevertheless, the project is considered an Environmental Category A project since its impact would be significant, irreversible and diverse.

Wastewater collected through activities under the HCMCES project (previous project) will be transferred to District 2. Under the proposed project (HCMCES2), the main project areas would be in District 2, where the interceptor and wastewater treatment plant would be located. In addition, the

sludge disposal area (location to be determined prior to appraisal and likely to be located outside District 2) would also be part of the project. Furthermore, if additional sewerage pipes in District 2 are included in the project or if rehabilitation of existing sewerage pipes and household connections in the NLTN area are included in the project, those areas would also be included as part of the project.

During the construction stage, there will be disruptions in traffic and there will be environmental impacts due to noise and dust. These impacts would be identified and mitigation measures will be put in place. The traffic may be disrupted due to the construction of the interceptor but since the District 2 area is not yet fully developed and a pipe jacking method of construction is being considered where open excavation is not necessary, the disruptions may be minimal. Further, the construction could be carried out in the night to minimize traffic disruptions – a procedure that was followed in the first Ho Chi Minh City Environmental Sanitation Project.

During the operational stage, the main issues to address would be: a) odor from processing the wastewater; different technical measures to control odor are being considered to mitigate this issue. Furthermore, a buffer zone is expected to be created around the wastewater treatment plant that will reduce the impact of odor for the nearby residents; and b) management of the sludge that would be generated from the wastewater plant. The volume of the sludge that would be generated would depend on the treatment technology chosen and during preparation, measures will be defined in the Environmental Management Plan on ways to manage, transfer, and dispose the sludge in an environmentally sustainable manner.

At appraisal, an Environmental Impact Assessment (EIA) would be prepared which would also include an Environmental and Social Management Plan (ESMP), integrating the Social Assessment that is also being conducted (see next section: Social Aspects). The EIA will include an Environmental Code of Practice for the installation of traditional sewers. Public consultation will take place for the preparation of the EIA. Furthermore, since this is the second phase of a prior project which is located within the area of influence of this project, a review of the performance and lessons learned of the Phase 1 project will be undertaken and incorporated into the EA and ESMP and assist in identifying improvements and related capacity building requirements as needed for Phase 2.

The ESMP will provide the process and procedures to be followed to manage and mitigate environmental and socially related impacts including monitoring, responsibilities, institutional arrangements, capacity building requirements to implement, and costs. The cost of implementing the ESMP that will be defined and would be included in the project cost so that adequate funds are in place to address environmental and social concerns.

Social Aspects

A Resettlement Action Plan (RAP) will be prepared and disclosed prior to appraisal, to address mitigation of social impacts of the project for project affected persons, particularly affected households at the proposed location of the Waste Water Treatment Plant (WWTP). The RAP would include due diligence that would be undertaken on any resettlement actions that were taken prior to June 4, 2012 (identification mission), and will address any gaps in compensation entitlement and resettlement policy in accordance with domestic laws and policies as well as World Bank safeguards policies. The RAP will cover: (a) permanent loss of agricultural land, residential land, houses, structures, graves, standing crops and trees, income and/or business or productive assets, and/or

public structures; (b) temporary impacts during construction; (c) an income restoration program, if needed; and (d) the Grievance Redress Mechanism.

Furthermore, a Resettlement Policy Framework (RPF) will be prepared and disclosed prior to appraisal. The RPF will outline the procedures to be followed for any future land acquisitions and/or resettlement of affected persons in case they come up and will guide the implementation of compensation, resettlement and livelihood restoration for project affected people, if any. Furthermore, there will be a monitoring and evaluation program in place to ensure that the RPF will be followed.

Construction of the wastewater treatment plant is expected to require the acquisition of 40.67 hectares of land, of which 10.35 hectares public land (rivers and ditches) and 30.32 hectares is privately owned land. The privately owned land includes residential land (0.04 hectare) as well as agricultural land (30.28 hectares). The land expected to be acquired consists of a total of 204 parcels. To date, 44 owners have been identified and the process is underway in accordance with OP 4.12 to determine compensation and livelihood restoration measures loss of agricultural land and if any structures would be demolished.

The project would also include construction of 8 km of sewer interceptors. At this stage, other than possible temporary land acquisition during construction, it is not expected that additional land acquisition would be needed for this construction as the pipe is planned to be constructed utilizing Right-of-Ways (e.g., under future roads and green areas). Furthermore, a pipe jacking method of construction is being planned where the pipe will be pushed under the ground through shafts which would contribute to minimizing open excavation and potential impacts. For most of the sections of the interceptor, land acquisition has already taken place prior to the project. Due diligence is under way to confirm that land acquisition was not done in anticipation of the project. Due diligence will verify that land acquisition is in line with Vietnamese requirements and consistent with Bank policies. A Resettlement Policy Framework would be used for those parts of the interceptor where land acquisition is still ongoing and resettlement has not yet taken place.

A Social Assessment (SA) is being carried out in consultation with potentially affected households and the population in the project area. The purpose of the SA is to identify potential positive and adverse impacts. The results of the SA would inform the design of mitigation measures related to land acquisition, which will be covered under the Resettlement Action Plan (RAP). The results of the SA would also be incorporated in the ESMP.

E. Borrowers Institutional Capacity for Safeguard Policies

The HCMC People's Committee (PC) will be responsible for all social and environmental requirements of the project. As the PC is responsible for other Bank projects in HCMC, it appreciates the importance of complying with Bank's safeguard policies and to this end it has already hired consultants to identify and mitigate issues related to safeguards. This upfront work at the project concept stage will greatly facilitate the process of complying with Bank safeguard procedures.

While HCMC PC will be responsible for overall implementation of the project, it will delegate the implementation of the project to SCFC a department within the PC. SCFC has limited capacity in addressing safeguard issues of the project. To this end, the following measures are being considered: (a) strengthening the PMU within SCFC by including environmental and social staff and by bringing in staff members from the PMU of the first HCMC Environmental Sanitation project as they are

familiar with Bank procedure; (b) providing training through workshops and otherwise during project preparation and implementation; and (c) hiring key safeguard consultants during the preparation and implementation stage of the project.

F. Environmental and Social Safeguards Specialists on the Team

Silvia Del Pilar Larreamendy Ricardo (EASVS)

Peter Leonard (EASDE)

Tuan Anh Le (EASVS)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	The impact of the project will be significant and diverse.
Natural Habitats OP/BP 4.04	TBD	The project is located in a highly urbanized area and in a zone that is already largely modified by human intervention. Although it is not anticipated that there will be any adverse impacts on natural habitats, this will be confirmed during project preparation.
Forests OP/BP 4.36	TBD	It is not expected that project investments will pass through any environmentally sensitive forests or national parks. This will be confirmed during the project preparation.
Pest Management OP 4.09	TBD	To be determined during project preparation.
Physical Cultural Resources OP/ BP 4.11	No	It is not anticipated that the project will adversely affect any physical cultural resources.
Indigenous Peoples OP/BP 4.10	No	A screening was carried out which indicated that there are no Ethnic Minority population in the area.
Involuntary Resettlement OP/BP 4.12	Yes	The project will involve resettlement of people due construction activities at the WWTP.
Safety of Dams OP/BP 4.37	No	The project does not involve any new dams.
Projects on International Waterways OP/BP 7.50	No	The project is not located on 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: 31-May-2013

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing[1] should be specified in the PAD-stage ISDS:

Environmental Impact Assessment - May 2013

[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.

IV. APPROVALS

Task Team Leader:	Name: Sudipto Sarkar	
Approved By:		
Regional Safeguards Coordinator:	Name: Peter Leonard (RSA)	Date: 17-Mar-2013
Sector Manager:	Name: Jennifer J. Sara (SM)	Date: 10-Jan-2013

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