

**PROJECT INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: PIDA7411

<b>Project Name</b>	Second Ho Chi Minh City Environmental Sanitation Project (P127978)
<b>Region</b>	EAST ASIA AND PACIFIC
<b>Country</b>	Vietnam
<b>Sector(s)</b>	Wastewater Treatment and Disposal (50%), Wastewater Collection and Transportation (25%), General water, sanitation and flood protection sector (25%)
<b>Theme(s)</b>	Pollution management and environmental health (50%), City-wide Infrastructure and Service Delivery (50%)
<b>Lending Instrument</b>	Specific Investment Loan
<b>Project ID</b>	P127978
<b>Borrower(s)</b>	Ministry of Finance
<b>Implementing Agency</b>	Implementing Management Agency
<b>Environmental Category</b>	A-Full Assessment
<b>Date PID Prepared/Updated</b>	27-Aug-2014
<b>Date PID Approved/Disclosed</b>	12-Sep-2014
<b>Estimated Date of Appraisal Completion</b>	15-Sep-2014
<b>Estimated Date of Board Approval</b>	04-Dec-2014
<b>Decision</b>	

**I. Project Context**

**Country Context**

Vietnam has achieved remarkable economic development over the past 25 years, and progress continues. With the introduction of economic and political reforms in 1986, the country initiated its transformation from a centrally-planned economy to a more market-oriented one. This change has fueled rapid economic growth and poverty reduction, providing dramatic improvements in the welfare of its citizens. The Government's goal development vision for the next decade is detailed in its Socio-Economic Development Strategy 2011-2020. This Strategy gives attention to structural reforms, environmental sustainability, social equity, and issues of macroeconomic stability.

The Bank's Country Partnership Strategy (CPS) with Vietnam supports investments and policies organized into a strategic framework which includes focus, among other elements, on increasing the sustainability of the country's development. Pillar two of the CPS (on sustainability) focuses on management of water resources and land; conservation of forests and biodiversity; pollution control and the related issue of low connectivity to sanitation systems; mitigation and adaptation measures

in light of Vietnam's high vulnerability to climate change; and disaster risk management in response to the country's increasing exposure to risks posed by extreme weather events.

Vietnam's economy and population are becoming increasingly urbanized. Urbanization is a core element of Vietnam's growth strategy, and Vietnam's rapid urbanization – prominently evident in Hanoi and Ho Chi Minh City (HCMC) -- is expected to continue for the next decade. Over 30 percent of Vietnam's population currently lives in urban areas, and this proportion is expected to grow to 50 percent by 2020-2025. Supporting HCMC's growth is important, as it is a major contributor to Vietnam's economic growth. HCMC is a key economic, cultural, and technical center in the country. It has seen rapid economic and population growth over the past decade, generating over 20 percent of the country's GDP. The proposed project would support the important urbanization process that is underway.

### **Sectoral and institutional Context**

While sector policies and institutional arrangements are clear, there are still issues that need to be addressed. Rapid urbanization has created opportunities for growth; however, it has also resulted in increasing environmental degradation in major urban areas due to increased congestion and pollution. To support the urbanization process in a manner that protects the environment and reduces the risks to human health, improvements are needed in the collection and treatment of wastewater, including the management of drains that carry both rain water and wastewater (to reduce the risk of polluted water flooding the streets during heavy rain events).

Most cities in Vietnam have a drainage collection system designed to collect rainwater runoff and wastewater from households. Sewerage connection is relatively high, at about 60 percent (with septic tanks and on-site facilities not connected to sewers serving the remaining 40 percent); however, even after a decade or so of concerted efforts, only 10 percent of urban wastewater is treated. As urban population densities have increased, so has the need to dispose of sewage generated by households to improve environmental conditions in cities and reduce risks to human health.

In HCMC, critical urban sanitation issues are being addressed through improvements to wastewater infrastructure. In Ho Chi Minh City (HCMC), development of urban sanitation is being followed through a Master Plan that outlines initiatives in different catchment areas: (a) a Belgian-funded project providing wastewater treatment in the Binh Hung Hoa district; (b) a Japan International Cooperation Agency (JICA) project to collect wastewater from District 1 and 5 and treat it at the Binh Hung Wastewater Treatment Plant (WWTP); and (c) the development of the Nhieu Loc-Thi Nghe Basin (NLTN Basin) combined sewerage collection system, which has resulted in significant improvements to the local environmental conditions of the area. This initiative was supported by the World Bank through the first Ho Chi Minh City Environmental Sanitation Project (HCMC ES1; P052037). The PDO for HCMC ES1 was to reduce the incidence of flooding and increase the collection of wastewater in the NLTN Basin in HCMC, in an environmentally and financially sustainable manner. That project expanded the capacity and coverage of drains in the NLTN basin and increased the hydraulic capacity of the NLTN Canal (which runs through HCMC and ends at the Saigon River). Historically, the Canal received water and wastewater inflows from a variety of sources and was polluted. The untreated, polluted water from the Canal would then flow into the Saigon River, contributing to pollution.

The HCMC ES2 project is a continuation of Bank's efforts to make sustainable improvements in wastewater management in HCMC. The proposed project aims to provide further improvements by treating the wastewater collected in the NLTN Basin, and collecting and treating wastewater from some parts of the District 2 area. The treatment would be done at the WWTP to be constructed under the proposed project, and the treated wastewater would be released into the Dong Nai River (instead of the Saigon River).

## II. Proposed Development Objectives

The Project Development Objective is to improve the wastewater services in a sustainable manner in selected areas of Ho Chi Minh City (HCMC) and increase awareness on sanitation.

## III. Project Description

### Component Name

Component 1: Interceptor

### Comments (optional)

This will be a large diameter pipe (about 3.2 meters in diameter; length of about 8 kilometers) that will convey the wastewater that is currently being discharged on the east side of the Saigon River without treatment to the wastewater treatment plant that will be constructed under the project. The construction of the interceptor will prevent the discharge of untreated wastewater to the Saigon River.

### Component Name

Component 2: Wastewater Treatment Plant

### Comments (optional)

This WWTP will treat the wastewater collected in the NLTN basin and in the D2 area. The plant is being designed for a capacity of 480,000 m<sup>3</sup>/day. The plant will be constructed through a Design Build and Operate contract where the same private company will be responsible for the design, construction, and operation (for at least 5 years) of the treatment plant. The WWTP will be located near the confluence of the Saigon and Dong Nai rivers and the treated wastewater will be discharged to the Dong Nai River. The site is prone to flooding and as a result flood protection measures are included in the cost estimate.

### Component Name

Component 3: Sewerage in District 2 area

### Comments (optional)

Sewers (combined and separated) would be installed in three areas of District 2. The areas that have been selected are priority areas within the district where there is an existing population that needs better sewerage services. These areas are Thao Dien, Binh An, and Bing Trung (East and West). In addition, to address the situation that low elevation project areas often become inundated during periods of high tides - when river water flows back to the streets through the combined drains/sewers, non-return valves (flap valves) would be provided on drainage outlets in the project areas to prevent flooding.

### Component Name

Component 4: Project Implementation

### Comments (optional)

4a: Construction Supervision. The funds would be used to hire consultants that will supervise the construction during the project implementation period; and

4b: Improving Sanitation Management and Project Implementation. This will include: (a) support to the Implementation Management Agency (IMA) for project implementation; (b) capacity building in HCMC on sanitation management including support to the IMA and the Steering Committee of Flood Control (SCFC), update of the sewerage Master Plan, Information Education Campaign on better sanitation practices, and technical support to the Environmental Learning Center; c) independent safeguard monitoring (social and environmental) and completion of financial audits; and d) equipment to monitor water quality in strategic locations in the Don

#### Component Name

Component 5: Land Acquisition and Operating Cost of IMA

#### Comments (optional)

5a: Resettlement and Land Acquisition. This will include costs to compensate people that currently own the land where the project activities will take place. Most of the land acquisition is expected to take place for the WWTP. The resettlement and land acquisition costs will be solely borne by HCMC; and

5b: Operating cost of the IMA. This is the operating cost of the IMA during the project implementation period, including salaries, fees, and other costs. The cost will be borne by HCMC.

#### IV. Financing (in USD Million)

Total Project Cost:	495.00	Total Bank Financing:	450.00
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
BORROWER/RECIPIENT			45.00
International Bank for Reconstruction and Development			250.00
International Development Association (IDA)			200.00
Total			495.00

#### V. Implementation

#### VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11	x	
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50	x	
Projects in Disputed Areas OP/BP 7.60		x

**Comments (optional)**

**VII. Contact point**

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