

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC7423

Date ISDS Prepared/Updated: 25-Apr-2014

Date ISDS Approved/Disclosed: 28-Apr-2014

I. BASIC INFORMATION

A. Basic Project Data

Country:	Vietnam	Project ID:	P149484
Project Name:	Dau Giay-Phan Thiet Expressway Pilot PPP Project (P149484)		
Task Team Leader:	Mark M. Moseley		
Estimated Appraisal Date:	15-Dec-2014	Estimated Board Date:	28-May-2015
Managing Unit:	EASVS	Lending Instrument:	Investment Project Financing
Sector(s):	Rural and Inter-Urban Roads and Highways (100%)		
Theme(s):	Infrastructure services for private sector development (100%)		
Financing (In USD Million)			
Total Project Cost:	881.00	Total Bank Financing:	625.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			104.00
International Bank for Reconstruction and Development			348.00
International Development Association (IDA)			277.00
Foreign Private Commercial Sources (unidentified)			152.00
Total			881.00
Environmental Category:	A - Full Assessment		
Is this a Repeater project?	No		

B. Project Objectives

10. The Project Development Objective (PDO) is to support the GoV attract private sector expertise and capital for the construction and operation of the Dau Giay-Phan Thiet Expressway. This would be the first transaction under the GoV Public-Private Partnership (PPP) Pilot Program for infrastructure investments.

C. Project Description

The Dau Giay-Phan Thiet Expressway (DPEP) will be Vietnam's first major public-private partnership (PPP) in the highway sector, and it will build the capacity of the Government of Vietnam (GoV) to handle future PPP transactions and demonstrate to prospective investors the GoV's commitment to the PPP concept. The DPEP expressway will consist of a toll road of approximately 100 km, connecting Ho Chi Minh City to the south-central coastal city of Phan Thiet. It is anticipated that, when completed, the expressway will significantly reduce travel time between the two cities, and facilitate the development of new industrial areas, creating new employment opportunities.

Specifically, under the DPEP Project, the World Bank will:

- (i) support the GoV in designing and implementing a competitive process for determining the asset value of the proposed expressway through the selection of private investors, who will participate in forming the DPEP Project Company that will construct and operate the expressway as a PPP;
- (ii) support the GoV in designing and implementing a transparent Viability Gap Financing (VGF) mechanism to make the proposed expressway financially viable through the provision of IDA resources which the GoV will provide to the DPEP Project Company as a non-refundable grant; and
- (iii) support the GoV in providing long-term debt financing to the DPEP Project Company through the GoV's on-lending of the IBRD loan to the Project Company, which will be subsequently be repaid in full by the Project Company.

This project builds upon work done under a previous project (P118848), which was commenced in 2009. The earlier project, which was originally known as the Vietnam Public Private Partnership Pilots Project, arose from discussions between the World Bank and the GoV involving the development of a PPP program, part of which involved assisting with selected pilot transactions. The GoV proposed that the pilot transactions should involve projects where initial development work had already taken place, thereby allowing the first transaction to proceed on an accelerated basis. Three potential transactions were proposed by the GoV, and evaluated using criteria agreed upon by the World Bank and the GoV .

It was agreed that the project should be selected with a view to demonstrating the following four key concepts:

- (i) at least one private investor would be selected through public, competitive, bidding;
- (ii) the value of the infrastructure asset would be determined through the competitive bidding process, i.e. based upon the winning bid by the investor selected through the public, competitive, bidding process. Any other investor would have to be willing to accept the resulting market-determined value of the asset;
- (iii) the pilot PPP would meet international standards of PPP project preparation, i.e. the project would be prepared to the highest technical standards and all necessary clearances and approvals would be obtained before it was put out for competitive bidding; and
- (iv) the financing structure of the pilot project, including the clearances provided, would demonstrate how public monies (including concessional ODA) could be used to support well-prepared PPPs that also utilize private sector financing.

One of the three potential transactions had significant unresolved design issues, and a second was determined to be an inappropriate candidate in that it was being developed by a state-owned

enterprise. The third transaction was the proposed DPEP expressway, which met the selection criteria and which was chosen for the pilot program. That expressway was being developed by the Bitexco Group – a large and diversified Vietnamese private company.

During 2011 and 2012, international financial and technical consultants were engaged by the World Bank (using funds provided by PPIAF and the Australia Department of Foreign Affairs and Trade) to review the Bitexco feasibility study and develop the transaction documents. On October 26, 2012, the Government issued Prime Ministerial Decision 1597/QĐ-TTg, designating Bitexco as the “First Investor” (which will hold 60% of the shares of the DPEP project company) and setting out the procedures for the competitive selection of the Second Investor (which will hold the remaining 40% of the shares of the DPEP Project Company). Decision 1597 also specified that the winning bidder will be the firm or consortium proposing the lowest VGF grant, and that Bitexco will be bound by the results of the bidding process. In addition, Decision 1597 indicated that the GoV would seek to obtain IDA funding for the VGF grant, as well as an IBRD loan which would be on-lent to the project company.

On July 2, 2013, the Government issued a Request for Qualifications (RFQ), inviting interested parties to submit applications to participate in the competitive process for selecting the Second Investor. The RFQ, which was cleared by the World Bank Regional Procurement Manager pursuant to the Procurement Guidelines applicable to PPP transactions (i.e. Paragraph 3.14(a) of the Procurement Guidelines), described the project and the proposed IDA and IBRD funding. A series of Investor Conferences were then held, in Mumbai, Seoul, Singapore and Hanoi in July-September 2013, to introduce the project and the bidding process to potential investors. These conferences attracted significant interest from internationally-recognized infrastructure companies. The applicants were required to submit their detailed Statements of Qualifications by November 29, 2013.

On November 29, 2013, seven major firms/consortia submitted applications in response to the RFQ. These applications were evaluated by the Government, against the criteria set out in the RFQ, and the Evaluation Report recommended that six of the firms/consortia be designated as prequalified bidders. The GoV’s Evaluation Report was submitted to the World Bank, with a request for a ‘no objection’ letter, on January 7, 2014.

Given that it has been four years since the initial concept was approved for the Vietnam Public Private Partnership Pilots Project, and given that the focus is now specifically on the DPEP transaction, with significant refinements made to the original concept parameters, this updated PCN has been prepared to reflect, more precisely, the current nature of the project.

The project will consist of two components, as follows:

Component 1: Expressway Financing, consisting of (a) up to US \$257 million of IDA funds to provide Viability Gap Financing; and (b) up to US \$348 million of IBRD funds to be on-lent by the GoV to the DPEP Project Company.

Component 2: Capacity Building, consisting of US \$20 million to enhance the capacity of the GoV Ministry of Transport to manage and supervise the DPEP transaction and future PPP transactions.

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

A new expressway (toll road) will be built from Ho Chi Minh city (Dong Nai Province) to the south-

central coastal city of Phan Thiet (Binh Thuan Province), to the point where it intersects with NH1A. This will be known as the Dau Giay – Phan Thiet Expressway. The expressway will go through 15 communes (of 3 districts and one town) in Dong Nai Province, and 8 communes of 2 districts in Binh Thuan Province. The total population of these 23 communes is approximately 260,380 persons from 55,004 households. The proposed Project consists of 9 interchanges with existing national and provincial roads, which include HCM-Long Thanh-Dau Giay expressway, NH56, Road to Suoi Vong Lake, Provincial Road 765, NH1A, Xuan Tam-Tran Tao Road, Provincial Road 720, NH55, and Road to My Thanh/Ba Bau.

E. Borrowers Institutional Capacity for Safeguard Policies

In recognition of the unique implementation challenges associated with this first PPP project, the Ministry of Transport (MOT) has established a special PPP Project Management Unit (PMU1), which will coordinate the various elements of the DPEP. PMU1 is led by a Director General, and will be supervised directly by the MOT Vice Minister. The MOT will also utilize a strengthened Inter Ministerial Committee (IMC), which will be chaired by the MOT Vice Minister and ensure that the final outputs of PMU1 are reviewed by the relevant GoV agencies before they are submitted to the Minister of Transport for clearance. The PMU1 will have staff to look at environment and social safeguards who will work with respective implementing agencies such as the District Resettlement Committees to implement the plans.

Over the past four years, PMU1 has done extensive work -- including taking key decisions on the competitive bidding process, the content and quality of the RFQ, preparation of social safeguards documents, including social assessment, RPF, RAPs, EMDP, -- in close consultation with the World Bank and the World Bank-retained international financial, technical and legal advisors, towards preparing DPEP to international standards. PMU1 has also utilized the recipient-executed Australia Department of Foreign Affairs and Trade grant (facilitated by the World Bank) to recruit national financial and procurement specialists, and national safeguards and legal advisors, to work with the international advisors and help take the project preparation and implementation process forward.

It has been agreed that land acquisition will be completed by Government prior to the land being handed over to the investors for commencement of the construction i.e. all resettlement activities will be completed by Government during project preparation phase. The two investors – Bitexco as the first investor, and the second investor (being identified) will obtain the concession for the expressway on land that has already been acquired and cleared by Government for the purpose of the project. All the costs related to compensation payment, assistance, livelihoods restoration have been committed by the Government and have been made available.

While the implementing agencies at national, provincial and district level do have experience in implementing social and environmental safeguard instruments, these agencies will need technical support and training. Similarly, Bitexco (as well as other likely investors who will be selected competitively in the future), have had limited involvement with WB funded projects. Appropriate training and capacity enhancement measures will be identified for specific private and Government agencies at national, provincial and district level to ensure that the identified impacts in the areas of environment, involuntary resettlement, ethnic minorities and social development are addressed in a sustainable manner. These efforts will commence from the preparation stage with the appropriate studies and drafting of documents and continue into project implementation to ensure their operational impacts.

F. Environmental and Social Safeguards Specialists on the Team

Anjali Acharya (EASVS)
 Roxanne Hakim (EASVS)
 Tuan Anh Le (EASVS)
 Khang Van Pham (EASVS)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	<p>The proposed Dau Giay-Phan Thiet Expressway project is assigned Category A since it involves major expressway construction through agricultural land mixed with rural residential area. The 98.7km expressway is located in parallel to the existing National Highway No1A (NH1A) section from Dong Nai to Binh Thuan provinces. The alignment passes mainly through agricultural land, rubber plantations, some secondary forests and some local communities. The alignment has been selected to avoid sensitive areas such as natural habitats, as well as schools, churches, and cemeteries, and other historical sites. About 70% of the pre-FS alignment was changed such that impacts on residential areas are minimized (including impacts due to land acquisition and resettlement) and to avoid existing and proposed sites for industrial and other developments. The project is expected to result in an increase in (i) noise, vibration and motor vehicle air emissions; (ii) aesthetic problems; (iii) occupation of agricultural and forestry lands, particularly productive rubber plantations; (iv) traffic and traffic safety risks; (v) reduced quality of life of local residents; (vi) resettlements; and (vii) other social and environmental concerns. An initial EIA had been prepared by MOT in 2009 to meet Government of Vietnam requirements, which MONRE subsequently approved in 2010. The World Bank review requested a few key areas that needed further discussion/ amendments to fully comply with WB environmental policies and international standards. MOT submitted a revised EIA and EMP to the WB for review in December 2013; which still needs some amendments to strengthen the documentation. The final EIA will cover impacts of the project on the</p>

	<p>following</p> <ul style="list-style-type: none"><input type="checkbox"/> Descriptions on known locations of (a) proposed locations of concrete mixing plants, (b) asphalt batching plants, (c) worker camps, (d) access roads as well as criteria for selecting such locations for the project, and (e) villages that will be cut through by the expressway alignment.<input type="checkbox"/> Analysis of Alternatives: The EIA will document the evaluation of alternative alignments and the basis for the selection of the final alignment.<input type="checkbox"/> Rural Connectivity: The expressway will cut across a dense network of rural roads and paths used by communities in the area. The EIA report will describe the situation and assess the adequacy of the proposed system of fly-over and underpasses to minimize social disruption, community isolation and farmland connectivity. These passes should be located at the existing cross roads to minimize traffic disruptions and at other selected locations in consultation with the local authorities and the villagers.<input type="checkbox"/> Sensitive Resources: Construction activities may negatively affect cultivated lands and water quality from unmanaged run-off from construction sites and inadequate waste disposal. Impacts on cultivated lands need to be properly managed specially during construction. The EIA report should discuss this issue and propose a series of mitigation measures to control construction activities to minimize these impacts. Special attention should be given to the management of irrigation systems during construction to ensure water connectivity to irrigate fields.<input type="checkbox"/> Induced Impacts: The expressway will facilitate additional industrial development along the corridor. The EIA report should identify the location and types of development that are known or anticipated and discuss environmental implications of this development. The EIA should also discuss the zoning or development plans that have been prepared (or that will be needed) for the area along the alignment of the expressway.<input type="checkbox"/> Construction Impacts: The construction
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	<p>of the expressway will entail close contact with small rural communities and the presence of workers in the area with potential impacts on health (STD). The EIA report should include the potential impacts of the expressway on communities during construction and operation: traffic, traffic safety and communities. The mitigation measures incorporated into the design to address these impacts (as well as along all access roads) should be specified in the EMP. The reinstatement of the access roads after construction needs to be included in project cost estimation and this needs to be reflected in the EA and EMP reports.</p> <ul style="list-style-type: none"><input type="checkbox"/> Access Roads: Access roads will be required to provide access to the construction sites, borrow pits, construction camps, waste disposal areas, mix plants, casting yards, etc. The environmental impacts of constructing such roads will be part of the EIA, including an analysis of necessary access roads to all key points including major bridges and the Giang Co Range. The EMP should develop proper design standards and specifications for the construction of such roads to ensure that they are environmentally benign and properly constructed, maintained and operated.<input type="checkbox"/> Environmental Supervision during construction: The project warrants a dedicated team of specialists supervising the environmental aspects of construction. Terms of reference, and a compliance framework to enforcement should be included in the EMP.<input type="checkbox"/> Quarries/Borrow Pits/Disposal Sites: Quarries, borrow pits and disposal sites Disposal sites for excess materials need to be identified in the EIA reports. Known sites need to be screened for environmental and social issues, against criteria such as: not near communities, not in scenic areas, not on flood plains, unstable areas, etc. Mitigation measures should be identified for each site. A framework for dealing with new quarries, borrow pits and disposal sites identified in detailed design phase and proposed during construction needs to be included in the EMP (similar to access roads).<input type="checkbox"/> Camps Locations and Management: The
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	<p>number of camps and their locations are not known yet. The EMP should define criteria for camp location and management. The EIA/EMP should include recommendations about where not to locate the camps (scenic areas, sensitive areas, near vulnerable communities, etc.) and the type of facilities the camps must have (adequate accommodations, proper water supply and sanitation, proper cooking facilities, non-use of wood for heating and cooking, etc.). Environmental and social specifications for camp management should also be part of the EMP.</p> <ul style="list-style-type: none">□ Slope Stabilization: Although this is carried out as part of the engineering design, the EIA/EMP should identify the areas with major stabilization works such as the crossing of the Giang Co Range of mountains. Minimization of scenic impacts should be the guiding principle for the design of stabilization works.□ Safety Issues: The EIA report should identify the special potential hotspots for safety and make recommendations for their mitigation. Special attention should be given to the junction of the expressway with the 4 km, 4 lane road (to be constructed as part of the project) that will join the expressway with NH1, and the junction of the 4 lane road with NH1.□ Scenic and Landscape Design: The project merits a stand-alone, detailed scenic and landscape design to ensure minimization of this type of impacts and to enhance the environmental value of the roads. Restoration of all affected areas, look out points, special signs, re-vegetation along the corridor, rest areas, etc. should all be part of this design. <p>Impacts during Operation: Impacts during operations of the expressway are expected to be mainly dust, noise and toxic gases relating to traffic, solid and hazardous waste from the management center, traffic safety, and changes in hydrological patterns in upstream and downstream areas. Assessment and mitigation of noise should be included in the EIA/EMP with a clear indication of what measures are needed for each sensitive receptor and the timing and budget of these mitigation measures.</p>
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Natural Habitats OP/BP 4.04	TBD	The road alignment passes through well-developed areas and intense agricultural and agro-industrial development. Land use in the Project area is predominantly for cultivation of rubber plantations (rubber in Xuan Loc, cashew in Ham Tan and dragon fruit in Ham Thuan Nam) with little or no biodiversity value. The alignment will not cross or interfere any critical natural habitat in the area. The closest natural habitat to the alignment, Ta Kou Nature Reserve, is 8 km from the proposed route. In addition, the existing National Highway No1 cuts between the proposed alignment and the Nature Reserve. The natural vegetation cover only exists in the form of grass-plot, shrub growing in scattered manner and faces the trend of disappearance due to cultivation area expansion. However, since the alignment will pass through some secondary forests and about 14 small streams, work is ongoing to confirm the project's impacts. Therefore, this policy is TBD at this stage. If impacts are confirmed, then mitigation measures will be proposed in the EMP to avoid or minimize the impacts on these habitats.
Forests OP/BP 4.36	TBD	Intensive field surveys and study using satellite maps confirmed that no natural forest will be affected by this project. The project alignment traverses agricultural, garden and fruit tree lands, rubber, coffee and cashew plantations, and rural residential areas. As plantations are within the project area, this policy is TBD at this stage to confirm the impacts. If impacts are confirmed, then mitigation measures will be proposed in the EMP to avoid or minimize the impacts on these habitats.
Pest Management OP 4.09	No	The project will not procure any pesticides or herbicides. Increased use of pesticides will not result from the project. Experience from other transport projects reveals that herbicides are not used to manage roadside vegetation in Vietnam. Therefore, this policy is not triggered.
Physical Cultural Resources OP/ BP 4.11	Yes	Preliminary screening has been conducted during alignment selection to avoid known cultural historical sites. The road alignment has modified to minimize encroaching on

		<p>graveyards, churches, temples and any other known cultural resources. However, 9 graves are expected to be relocated, and will be addressed in the appropriate resettlement instrument. There are no archaeological sites in the Project area.</p> <p>A site investigation and a detailed historical study were carried out to determine historical and archaeological values in the project area in October, 2013. The nearest archaeological site, Long Giao Relic is 3 – 4km far from the project alignment and will not be impacted. The Hang Gon Megalith Tomb is 500 m far from the Project's alignment and will not be impacted. Further field surveys by professional archaeologists are expected to be carried out and the findings and recommendations will be included in the final EIA/EMP for mitigating potential adverse impact on PCR. The EIA should assess the impacts of civil works, vibrations during construction and induced impacts on nearby PCR and include the appropriate mitigation measures in the EIA/EMP. Chance find procedures will also be included in the EIA/EMP and construction contracts.</p>
Indigenous Peoples OP/BP 4.10	Yes	<p>A social assessment (SA) has been carried out under the requirements of OP 4.10. This SA was designed as part of the overall SA exercise of the project to explore potential impacts and opportunities of the project on various social groups. The SA indicated that there are approximately 3,800 ethnic minority households present in the 22 communes that the Project passes through. Of these, 63 households will be impacted by land acquisition, of which 47 households would lose more than 10% of their productive land and 9 households will need to be relocated as a result of the Project. The social assessment, aside from identifying the potential positive and adverse impacts to inform the project design, consulted with ethnic minority peoples present in the project area to identify specific impacts and needs. The consultation with the ethnic minority households (both affected and not affected) are</p>

		<p>on the basis of free, prior, and informed manner. This SA also included a qualitative gender analysis to understand the gender dimensions with a view to contribute to the design of mitigating adverse impacts and enhancing opportunities for benefit. The analysis is the basis of the Ethnic Minority Development Plan which has been prepared for ethnic minority peoples in the project area, who will be impacted by the project in various ways. The aim is to ensure that negative impacts such as influx of workers, land acquisition etc. have mitigation actions and that ethnic minorities in the area benefit as a whole from the development impacts of the project. As per OP 4.10, an Ethnic Minority Development Plan (EMDP) has been prepared by PMU1 on the basis of free, prior and informed consultation with these communities. The EMDP identifies the project impacts, assesses specific development needs of the ethnic minority communities, recommends mitigation measures for adverse impacts and proposes development activities that are based on discussions with EM peoples (e.g. training in agricultural extension and business development).</p>
<p>Involuntary Resettlement OP/BP 4.12</p>	<p>Yes</p>	<p>The project involved land acquisition. Hence, OP 4.12 (Involuntary Resettlement) is triggered. A Social assessment (SA) has been done to inform the preparation of the Resettlement Policy Framework (RPF), and two Resettlement Action Plans (RAPs) (one for each province). In addition to the impacts specific to the acquisition of land for the project road construction, the SA also covers the social impact that are to be addressed under OP 4.01 on Environment Assessment, particularly temporary impacts that may arise during the construction. The RPF has been prepared by the Project Management Board 1 (under the Ministry of Transport), and has been approved by the Bank and the Government. The RPF aims to guide the preparation of additional RAP (s) in the event there are any changes to the approved technical design that requires preparation of new RAP(s). As part of the overall SA exercise to examine the potential</p>

	<p>project impact, a qualitative gender analysis has been completed which informs the implementation of livelihoods restoration activities, particularly for those who are severely affected by the Project.</p> <p>While project design has tried to minimize land acquisition impacts, the project is estimated to acquire 5,468,375 m2 of land, of which 99% (5,433,375m2) will be permanently affected and 35,000m2 (0.6%) would be temporarily affected (primarily during construction operations). This would affect a total estimated 708 households, of which 404 households (57%) would lose more than 20% of their land. 207 households (29%) will need to relocate and 54 (8%) will need to re-organize their houses within their existing residential plots.. It is noted that most of the affected land (99.2%) is for agriculture. The remaining is for residential purpose.</p> <p>It is anticipated that all the land acquisition and resettlement will occur prior to Board. A meeting between TT, RSS and LEGES/LEGEN will be held as soon as possible during project preparation to determine on how to proceed as resettlement is foreseen to be advanced or completed by Board.</p> <p>Linked activities: During the World Bank's PCN-stage safeguards review meeting (April 2011), it was agreed that the expressway section (about 31km long), which is financed by the Asian Development Bank (ADB) as part of the Ho Chi Minh-Long Thanh-Day Giay expressway project, is considered "linked" to the current investment i.e. this section of road is necessary to achieve the objectives of the current project. A social due diligence review for the above-mentioned expressway section has been completed. Based on the review of the information provided by the task team and the findings of the due diligence report, it was agreed that the ADB financed road does not appear to be a linked project as defined by the criteria under OP 4.12. The project documents will reflect this.</p>
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Safety of Dams OP/BP 4.37	No	The project will not finance construction or rehabilitation of dams.
Projects on International Waterways OP/BP 7.50	No	The project does not impact international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project is not located in disputed areas.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 15-Feb-2015

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

These studies are currently on-going and the draft reports are being reviewed by the Bank.

IV. APPROVALS

Task Team Leader:	Name: Mark M. Moseley	
Approved By:		
Regional Safeguards Coordinator:	Name: Josefo Tuyor (RSA)	Date: 25-Apr-2014
Sector Manager:	Name: Jennifer J. Sara (SM)	Date: 28-Apr-2014

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.