



# Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

---

Concept Stage | Date Prepared/Updated: 03-Oct-2018 | Report No: PIDISDSC25416

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

Country Vietnam	Project ID P168290	Parent Project ID (if any)	Project Name Vietnam - Dynamic Cities Integrated Development Project (P168290)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Jan 14, 2019	Estimated Board Date Apr 25, 2019	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Financing Instrument Investment Project Financing	Borrower(s) Socialist Republic of Vietnam	Implementing Agency Thanh Hoa Provincial People's Committee, Ky Anh People's Committee, Hai Duong City People's Committee, Yen Bai Provincial People's Committee	

**Proposed Development Objective(s)**

To improve access to urban infrastructure and to improve integrated urban planning in the project cities.

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

<b>Total Project Cost</b>	269.90
<b>Total Financing</b>	192.20
<b>of which IBRD/IDA</b>	192.20
<b>Financing Gap</b>	77.70

**DETAILS****World Bank Group Financing**

International Development Association (IDA)	192.20
IDA Credit	192.20



Environmental Assessment Category

B - Partial Assessment

Concept Review Decision

Track I-The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

Vietnam has sustained rapid economic growth rates since the introduction of the Doi Moi reforms in the late 1980s, allowing the country to transform from a low-income economy to a middle-income economy in one generation. With GDP growth averaging 6.7% annually, real GDP per capita more than quadrupled over the thirty-year period from 1987 to 2017. Economic growth coupled with the government's strong focus on inclusive social development has enabled Vietnam to drastically reduce the incidence of extreme poverty and broaden prosperity. By the World Bank's measure of shared prosperity (i.e., the income growth of the bottom 40% of the population), Vietnam is one of the most noteworthy cases of long-term shared prosperity globally. The pace of economic growth is expected to continue, with the country's Socio-Economic Development Plan (SEDP) for 2016-2020 setting out an annual growth target of 6.5-7%.

As is common among developing and industrializing economies, urban growth has accompanied Vietnam's rapid economic expansion, with the fastest urban population growth concentrated in and around Hanoi and Ho Chi Minh City (HCMC). The urban population has grown by 3.1% annually, with half the country's population expected to live in urban areas by 2040. While peri-urban areas around the two major cities have benefitted from their proximity to key economic drivers, regions elsewhere in the country are at risk of falling behind. The World Bank's Vietnam Urbanization Review (2011) highlighted that access to basic services, such as sanitation, drainage and quality of water, remains low in secondary cities as compared to large cities. For example, while Hanoi has access to sanitation with connection rates above 80%, smaller cities have access rates as low as 15%.

Another critical emerging issue is the increased vulnerability of urban areas to climate change variations. Increased incidences of flooding and rising sea levels can have potentially dramatic effects on economies and populations; industries such as shipping, agriculture, and tourism, for example, may face significant pressure in vulnerable low-lying areas. Vietnam was ranked 5th globally among countries affected by climate change in 2016, with over US\$ 4 trillion in absolute losses due to prolonged drought, tropical storms and cyclones, as well as severe flooding.

In recognition of the strategic role of urbanization in achieving Vietnam's goals of industrialization and modernization, the Government of Vietnam (GoV) developed the Framework Master Plan for Urban Development in Viet Nam to 2025 and Vision to 2050 (hereby referred to as the National Master Plan) in 2009. Under the National Master Plan, the urban population is expected to accelerate to 5.3% annually, reaching 52 million by 2025. While Vietnam has made overall improvements in reducing poverty and regional inequality, the growing pace of urbanization, the demands of an ever-evolving growth model, and the increasing risks from climate change indicate that well-planned and well-managed urban growth is critical for the country to continue its transformation into a high-income economy.

### Sectoral and Institutional Context

Current Urbanization Trends. Urban areas currently account for 34% of Vietnam's population and contribute more than half of national GDP. Global evidence suggests that the benefits from urban growth come from encouraging economic



densification, which allows cities to harness the agglomeration economies that enhance productivity, spur innovation and economic diversification, and facilitate more efficient service delivery. However, a notable characteristic of urban development in Vietnam has been low and stagnant levels of urban density. Between 2000 and 2015, urban density remained at 18.9 urban residents per hectare even as urban land expanded by over 650,000 hectares. Increasingly fragmented urbanization is driven in part by Vietnam's current City Classification System (CCS), which provides fiscal incentives for rapid land conversion and physical expansion of cities, with little emphasis placed on urban density. In an analysis of seven cities that attained Class I status between 2009 and 2011, all but one city failed to meet the minimum standards for urban density, implying that other factors, such as the non-agricultural labor population and development of infrastructure, were relied upon to qualify for upgrading.

Low and stagnant urban densities with limited infrastructure impede agglomeration economies. Vietnam's fragmented pattern of urbanization, wherein development commonly takes place beyond the "official" urban core, means that expanding metropolitan areas are limited in their ability to develop infrastructure efficiently. This in turn gives rise to a host of other urban management issues, including growing traffic congestion, worsening air pollution, poor environmental management, and emerging informal settlements. In contrast to Vietnam's low-density, fragmented urbanization, it is generally recognized that compact cities—with tightly-knit development patterns, strong public transport linkages, and good accessibility to services and jobs—are better able to respond to the growing needs of urban areas. By reducing travel distances within the city and lessening dependency on cars, compact cities are more efficient in their utility of infrastructure. Environmental impacts, such as pollution and greenhouse gas emissions, are also lessened if automobile dependency is reduced in favor of public transport or other forms of non-motorized transport.

A primary focus on physical expansion is unlikely to be sufficient to efficiently guide Vietnam's rapid urban growth. Instead, emerging cities should re-consider existing urban development patterns and harness opportunities to develop more integrated multi-modal transport systems, which can improve accessibility to jobs and services, promote more compact urban forms, and mitigate environmental externalities. Furthermore, services that promote opportunities for both men and women to benefit from and contribute to local economies are important for cities in stimulating economic growth. Women's household and care responsibilities constrain their ability to work on equal terms as men, contributing to a gender gap in the share of urban women engaging in paid work compared to men.

Role of Secondary Cities. The National Master Plan focuses on achieving balanced and strategic growth through a national urban system, consisting of urban centers of various grades and types distributed throughout the country. Specifically, it envisages the development of secondary and tertiary cities as hubs to drive development within larger urban areas and provinces. This is consistent with international experience, where there is growing recognition of the role of secondary cities as catalysts in facilitating localization economies and the efficient transfer of goods, people, services, and information within a system of cities at different levels (i.e., metropolitan, regional, national, and global). Balanced regional development and appropriate definitions of functions among different hierarchies of urban areas are of great importance. For example, large cities should provide a diverse range of services and connect to external areas, thus promoting international competitiveness, while secondary cities should focus on specialized manufacturing activities. Many countries have been successful with this development pattern.

As Vietnam seeks to sustain an ambitious growth trajectory, nurturing secondary cities that have demonstrated the economic potential to play a greater role in enhancing productivity and growth will be essential. However, it remains a challenge for many secondary cities to raise capital and attract the investment required to build infrastructure and support communities that are critical to create dynamic economies, improved livelihoods, and jobs. Demand for basic infrastructure remains high in smaller cities in Vietnam—many still lack wastewater treatment facilities while public transport networks often do not exist. Poor provision of infrastructure has implications both for the quality of life for existing residents, as well as on the attractiveness of the city for further investment and growth.

Vulnerability to Climate Change Risks. Compounding the need for improved infrastructure is vulnerability of cities in Vietnam to climate change, which is exacerbated by unconstrained urban expansion, inappropriate land use planning, and ecosystem degradation. Vietnam is ranked among the world's most climate-vulnerable countries, with cities particularly at risk of damage from weather disruptions and rising sea levels given their natural concentration of people, industry, and goods. Climate change is projected to increase the impact of disasters, especially the timing, frequency, severity, and intensity of hydro-meteorological events. By 2050, a 1-3% loss in real GDP is predicted from climate change impacts.

World Bank Urban Strategy in Vietnam. The World Bank's flagship Vietnam 2035: Towards Prosperity, Creativity, Equity and Democracy report emphasized the need to strengthen institutions for integrated urban planning—both functionally



(i.e., within and across sectors) and spatially (i.e., across contiguous urban areas and encompassing provincial and metropolitan/city-level plans)—to encourage scale economies at corridor, metropolitan area/conurbation, and regional levels. The report cautions cities in Vietnam against becoming locked into a “large scale” development mindset, in which the accelerated conversion of rural to urban land encourages sprawl and oversized infrastructure. Large infrastructure and a lack of medium- and small-scale street networks will eventually limit the available connectivity options available (e.g., public transport and non-motorized transport systems), further increasing private motorization. The key lessons from this study are directly relevant to the challenges faced by secondary cities.

The Bank’s urban sector engagement strategy in Vietnam therefore recognizes the growing role of secondary cities and the critical need for stronger, more integrated urban planning, including an increasing focus on helping cities mitigate climate change risks. The urban portfolio currently focuses on cities at different scales: (i) integrated stand-alone operations in large cities (including HCMC, Hanoi, Da Nang, Hai Phong, and Can Tho); (ii) multi-city approaches targeting infrastructure development and strengthening urban management and planning in secondary cities; and (iii) piloting new approaches, such as PforR, for supporting small cities and towns in lagging regions.

The proposed Dynamic Cities Integrated Development Project (DCIDP) is aligned with the Bank’s multi-city approach for secondary cities, broadly defined to include Class I, II, and III cities with populations ranging from 100,000 to 500,000. It is in this vein, and on request by the GoV, that the project has been proposed. These four proposed project cities (Ky Anh, Tinh Gia, Hai Duong, and Yen Bai) were originally planned to be included in the first phase of the project approved in 2018, however only one project city (Thai Nguyen) managed to obtain approval for its pre-feasibility study on time to conduct negotiations and obtain board approval within FY18. In the 3<sup>rd</sup> quarter of 2018, the GOV endorsed the approval of the remaining cities’ pre-feasibility studies, which paves the way for the proposed project to be prepared and approved in FY19.

#### Relationship to CPF

The proposed project will support two important high-level objectives prioritized by the World Bank Country Partnership Framework (CPF) for Vietnam 2018-2022. Firstly, DCIDP will contribute to strengthening urban planning and management, and to boosting capacity to deliver high-priority infrastructure among the proposed project cities. This will directly contribute to Objective 5 of the CPF to “Improve planning, management, and delivery of infrastructure and land in cities” under the first focus area to “Enable inclusive growth and private sector participation.” Secondly, DCIDP will support the proposed project cities in Objective 10 of the CPF to “increase climate resilience and strengthen disaster risk management” under the third focus area to “Enhance environmental sustainability and resilience” (CPF Objective 10). The proposed project will support resilient urban infrastructure investments and provide technical assistance to improve the climate change resilience and disaster risk management of the proposed project cities, including capacity for financial planning, protection, and post-disaster recovery. Further, DCIDP will support the recommendations made under the Vietnam 2035 report by facilitating the development of secondary cities, as well as promoting equity and social inclusion in urban areas. The proposed project is fully aligned with the Bank’s Twin Goals of eliminating extreme poverty and boosting shared prosperity by supporting the proposed project cities in increasing access to improved basic services for bottom 40% population, enhancing productivity, removing infrastructure constraints, improving connectivity, enabling exports, and providing jobs for both male and female members of local communities.

### C. Proposed Development Objective(s)

To improve access to urban infrastructure and to improve integrated urban planning and management in the project cities.

#### Key Results (From PCN)

The proposed results framework consists of a series of objectively verifiable PDO-level and intermediate results indicators for the project cities, with annual targets for 2019-2023 (see Annex 3). The proposed PDO-level indicators are:

- *Reduced Flooding Risk:*
  - Area prone to floods in the area covered by the project interventions (hectares)



- People benefiting from improved drainage in the area covered by the project interventions (number, percentage of which female, and percentage of which bottom 40%)
- *Improved Urban Environmental Sanitation:*
  - People provided with access to improved sanitation provided by the project (number, percentage of which female, and percentage of which bottom 40%)
- *Improved Urban Transport:*
  - People who have access to new or improved roads under the project (number, percentage of which female, and percentage of which bottom 40%)
  - Users satisfied with the new or improved roads under the project (percentage, percentage for female, and percentage for bottom 40%)
- *Improved Access to Public Space:*
  - People provided with access to new or improved public spaces (number, percentage of which female, and percentage of which bottom 40%)
  - Users satisfied with the new or improved public spaces (percentage, percentage for female, and percentage for bottom 40%)
- *Integrated Urban Planning (\*):*
  - Integrated urban development plans developed (number)
- *Core Sector Indicators:*
  - Direct Project beneficiaries (number, percentage of female, and percentage of bottom 40%)

*(\*) Gender aspect will be incorporated into the integrated urban development plans*

#### D. Concept Description

DCIDP will support secondary cities that have demonstrated both current significance and future growth potential as province- and region-level urban economic centers. As consistent with approved city master plans, the proposed operation will provide financing for the strategic and climate-resilient municipal infrastructure that will help the proposed project cities: (i) improve access to, and reliability of, urban services for the bottom 40% of population; (ii) promote the development of neighborhoods with access to high quality public spaces and public transport; (iii) support continued socio-economic growth (e.g., by enhancing productivity and localization economies, removing infrastructure constraints, improving connectivity, facilitating local job creation, etc.); and (iv) promote women's opportunity to access paid work. The proposed operation will also support the project cities in addressing fundamental urban development challenges through TA for integrated urban planning and management that will promote more compact, sustainable urban development, and the development of higher quality neighborhoods.

Background on Project Cities. The four cities of Ky Anh, Tinh Gia, Hai Duong, and Yen Bai were identified on the basis of their economic growth potential, urgent need for improved urban infrastructure services (e.g., relating to climate/disaster risks, management of urban sprawl, environmental protection and management), and operational readiness. Driven by the establishment of large-scale industrial economic zones, Ky Anh and Tinh Gia will be upgraded from district-level towns to Class IV cities by 2019. In contrast, Hai Duong (Class II) and Yen Bai (Class III) have longer histories as the urban centers for their respective provinces.

Despite serving as key regional centers and economic engines that are undergoing rapid urbanization, the proposed project cities nevertheless suffer from uneven access to basic services, including 24-hour water supply, wastewater treatment, childcare services, and road networks. A lack of financing sources and poor investment prioritization have resulted in increasing traffic congestion, flooding, and uneven spatial development, as well as the deterioration (or lack of provision) of public spaces. Road network development has also tended to encourage motorization, with little attention paid to the development of appropriate public transportation systems.

All four proposed project cities are also in areas that are vulnerable to the impacts of climate change, with a Climate & Disaster Risk Screening indicating a "Moderate" risk to climate change and disasters (see paragraph 40 and 41). Given their locations along or close to Vietnam's coastline, Ky Anh and Thanh Hoa are highly susceptible to increased tropical cyclone intensity, sea-level rise, and coastal flooding typhoons. Yen Bai is located the more mountainous North-East region and has faced heightened risks related to increased rainfall and landslides in recent years. Hai Duong in the Red River Delta



region similarly faces flooding risks associated with increased rainfall.

## PROJECT COMPONENTS

A combination of structural and non-structural investments is proposed to support the achievement of the PDO to improve access to urban infrastructure and to improve integrated urban planning and management in the project cities.

**Component 1: Structural Investments - Rehabilitation and Construction of Resilient Urban Infrastructure:** A series of municipal investments will be financed in each project city to improve the access to and quality of critical urban infrastructure services, including those in urban environmental management, urban transport, and urban amenities. Given the vulnerability of the project cities to disaster risks and climate change, the proposed investments are focused on strengthening overall urban resilience and, in particular, reducing flooding in historically prone areas. Spanning several sectors, the proposed investments are consolidated under a single project component to ensure that DCIDP provides sufficient flexibility to support a menu of municipal infrastructure solutions to address the specific demands of the project cities. Investments in all cities will be designed, constructed, and managed with resilience to climate change duly factored in.

The selection of infrastructure sub-projects will be aligned with the respective updated city master plans of each city. Given that the sub-projects will be identified based on plans developed before project implementation, the proposals will be rigorously prioritized to ensure that these are no-regret investments that: (i) improve access to, and reliability of, urban services for the bottom 40% of the population; (ii) promote more compact and denser urbanization; (iii) promote the development of neighborhoods with access to high-quality public spaces and public transport; (iv) support long-term socio-economic growth objectives; (v) robustly meet demands for climate change adaptation; and (vi) meet accepted standards for technical and economic soundness, including resilience measures to limit the potential losses from disasters. Furthermore, the design and implementation of sub-projects will factor in access to services for women and men (e.g., differentiated travel patterns and safety) and universal design (i.e., ensuring accessibility to older people and people with disabilities) considerations.

Ownership of the proposed sub-projects will be assumed by the cities, which will be required to establish adequate institutional arrangements and operations and maintenance (O&M) plans to ensure future sustainability. The proposed sub-components are:

- **Sub-component 1.1 – Urban drainage:** Across all cities, the overall improvement of the local drainage systems (including construction of new drains, dredging and embankment of streams and lakes, etc.) has been proposed to address the need for improved flood management, particularly in light of both current and projected susceptibility to climate change. This is critical for improving the sustaining the significant private and public investments in industrial parks, economic zones, and tourist attractions in the project cities. The designs of drainage and flood control infrastructure will take in account scenarios produced by MONRE and reflect them through improved hydraulic modeling works and flexible use of structural and non-structural approaches.
- **Sub-component 1.2 – Urban environmental sanitation:** This includes the rehabilitation and construction of sewer collection networks, and construction of wastewater treatment plants. To address the pollution caused by domestic wastewater, new wastewater collection and treatment systems have been proposed for each of the project cities. Technical designs for urban environmental sanitation investments will explore low impact designs and water-sensitive urban design interventions.
- **Sub-component 1.3 – Urban transport:** This includes investments in strategic urban roads and bridges for better connectivity. Each of the cities has proposed road and bridge sub-projects that were identified in existing master plans. These proposals have been vetted at the preparation stage to ensure that they are based on sound analyses of travel and traffic demand and street design patterns. The provision of the proposed roads and bridges in each city is expected to provide better accessibility for residents to jobs, education, and other services, as well as to improve traffic safety, which are critical for sustaining rapid local economic development in the project cities. In addition, the sub-projects will promote more compact urban development, allow for mixed land uses and densification, promote non-motorized transport options as well as safeguard flexibility for the introduction of a public transport system. As such, technical designs will provide flexibility for the introduction of public transport systems and/or adoption as potential public transport routes. Furthermore, traffic safety facilities have been included in all preliminary technical designs. Traffic issues will be thoroughly reviewed and mitigated, especially at intersections with major roads and transit roads of national highways/bypasses. To address the potential impacts of climate change, adaptation measures will be included in the road designs (both at basic and detailed stages) to correspond to MONRE climate change scenarios. Road drainage structures will be designed based on hydrologic analyses that adopt



climate change scenarios while the elevation of roads and bridges will take into account projected increases in seawater levels. Other issues such as road slope protection will be required for sub-projects in mountainous areas.

- *Sub-component 1.4 – Urban amenities and public spaces:* The improvement of lakes and channels proposed under the other sub-components will strengthen urban resilience and also provides potential opportunities to introduce new, accessible public spaces around the improved infrastructure. These may include public green spaces and promenades with lanes for both cyclists and pedestrians. The project will also support the development of resettlement sites to accommodate families that may have to relocate or resettle due to the project investments.

**Component 2: Non-Structural Investments - Technical Assistance and Implementation Support:** A comprehensive package of TA and project implementation support will be provided to the Provincial People’s Committees (PPCs) of the project cities to strengthen their capacities for integrated economic and spatial planning. Given the vulnerability of the project cities to disaster risks and climate change, a key emphasis will be to integrate climate change and disaster risk informed planning in each of the city’s strategic development plans and to strengthen the capacities of technical staff at the city and provincial levels to mainstream disaster and climate risk-mitigation in physical development and socio-economic planning.

The TA will also ensure the strategic relevance and efficiency of the municipal infrastructure investments to be financed under the structural component of the project by: (i) linking financing/budgets to the investment programs of the cities in order to ensure financial sustainability for long-term O&M and asset management; (ii) consolidating various spatial and sectoral plans into integrated strategic development plans; and (iii) ensuring community participation throughout the planning and sub-project implementation process. The TA activities are expected to cover the following areas, in response to the specific needs of each project city:

- *Strategic integrated planning.* All cities will receive TA in this area, but the TA will be customized for each project city to facilitate the development/updating of comprehensive, context-specific strategic development plans that: (i) are based on the specific needs, economic endowments, and key development issues of each city (including a reassessment of economic and demographic assumptions and growth projections); (ii) are functionally and spatially aligned with the updated provincial-level and regional-level strategic plans; (iii) reinforce their respective roles as secondary cities within the National Master Plan; and (iv) adopt tools for disaster and climate risk-informed urban planning. For expediency and consistency in management and delivery of the TA, the Ministry of Construction (MOC) will be expected to serve a technical body in the implementation of the TA on integrated planning among the four project cities. The TA also supports each city to develop specialized development plans to address specific economic development needs and support the cities in driving long-term economic growth, specifically: (i) a strategy for FDI attraction, job creation, and skills development for Tinh Gia; and (ii) strategies for resilient city development for Yen Bai, Ky Anh, and Hai Duong. The integrated urban development plans will enable the project cities to manage urbanization in a more comprehensive manner that will promote more resilient and compact urban development as well as urban densification. Decision-makers at the city level will rely on these plans to make decisions on land use planning, infrastructure prioritization, and financing.
  - *Public transport planning.* TA will be provided to all project cities for the development of public transport development strategies and plans that are aligned with the updated city master plans and promote the expansion of local public transport systems. The TA will identify and safeguard provisions for introducing forms of public transport as found to be suitable in each city. Further, the plans will be expected to provide a framework for decision-making, including a clear set of sustainable urban mobility indicators (e.g., sustainable urban transport index [SUTI] by UNESCAP), to help the cities define specific targets, such as higher network coverage and modal share by public transport, accessibility, affordability, safety, etc.
  - *Asset management.* TA will be provided to all cities to enhance the sustainability of urban assets through the development of asset management plans with corresponding financial sources for O&M of the project investments. A robust analysis of the financing needs and corresponding own-source revenue mobilization forecasts and challenges will be a key part of the development and implementation of asset management plans for these project cities. From the resilience angle, well-designed O&M systems can enable, for example, quicker detection of system leaks or failures following climate-related events, which can then allow quicker repairs and lessen disruption to provision of services. With these plans, it is expected that cities will be better equipped to manage urban assets in an efficient, sustainable, and resilient manner.
- Project implementation support.* TA will be provided to the four project cities for: (i) the preparation of technical designs for sub-projects; (ii) construction supervision and contracts management; (iii) independent monitoring of environmental and social safeguards; (iv) independent financial audits; and (v) strengthening project implementation capacity for project management, environmental and social safeguards, financial management, procurement, and monitoring and evaluation.





**Project Implementation Arrangement.** Following the lessons and best practices from the Bank's recent urban development projects in Vietnam (e.g., MCDP, DSCDP, and VUUPs), DCIDP will be implemented in a decentralized manner, with cities as the Project Owners under the supervision of provincial level administrations. At this stage, the respective PPCs of each project city have established a Project Management Unit (PMU) that has experience in implementing either ODA-funded or GoV-funded urban infrastructure investments. Given the crucial role of provincial leadership in facilitating project implementation in each project city, the PPCs will each establish a Project Steering Committee (PSC) comprised of multi-sector departments to guide, support, and supervise the respective PMUs.

In terms of implementing the non-structural investments under Component 2, MOC will serve as a technical body in supporting the TA and capacity building activities. Trust fund resources will be mobilized to provide capacity building support to MOC to enable key officials to participate and learn from international urban planning approaches and local planning processes, particularly in disaster and climate risk-informed planning, and to subsequently review and revise relevant policies and regulations as appropriate.

## SAFEGUARDS

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

The proposed project covers 04 cities/town: Ky Anh town, Tinh Gia town, Hai Duong city, and Yen Bai city.

- Ky Anh town (Ha Tinh province) is located on the east coast of the province with a natural area of 280.3 km<sup>2</sup>. The local economy of Ky Anh is anchored on the development of the Vung Ang Industrial Zone. The geographic endowments of Ky Anh, with its access to a deep-water seaport and strategic location as the shortest land route from the Eastern coast of Vietnam to Laos and Thailand.
- Tinh Gia town (Thanh Hoa province) is a city with an area of 260km<sup>2</sup>. Tinh Gia benefits from access to a deep-water seaport and a strategic location that connects the Northern and Central regions of Vietnam. The rapid local economic growth of Tinh Gia has been driven by the development of a large-scale economic zone (the Nghi Son Economic Zone).
- Hai Duong city (Hai Duong province), a provincial capital city of 96.7 km<sup>2</sup>, is an important economic hub, serving as a central transport and trading node for two strategic economic corridors: the Con Minh-Ha Noi-Hai Phong corridor and the Nam Ninh-Ha Noi-Hai Phong-Quang Ninh corridor. The city's economy is driven by industrial development anchored on a series of industrial zones focusing on engineering and machinery production, such as automobile assembly, automobile accessories, electrical and electronic components, textiles and garments.
- Yen Bai city (Yen Bai province), a provincial capital city with the total area of 108.2 km. It is the political, economic, cultural, technological center of Yen Bai Province. The recent upgrading of the Noi Bai-Lao Cai Highway completed the strategic Hai Phong-Hanoi-Kunming Economic Corridor, which connects Vietnam's major eastern shipping port (Hai Phong) to the Vietnam-China border at Lao Cai and Kunming.

### B. Borrower's Institutional Capacity for Safeguard Policies

The project will be implemented by the Provincial People's Committees of Ha Tinh, Thanh Hoa, Hai Duong, and Yen Bai through dedicated project management units (PMUs) at provincial and city level. Thanh Hoa has safeguard experience with ADB and IFC financed projects. Yen Bai has safeguard experiences in the preparation and implementation of safeguards instruments through their work on projects financed by the World Bank and other international donors for many years. However, Yen Bai's assigned PMU for this project has no previous experience with WB project. Hai Duong and Ha Tinh also have no previous experience with the Bank safeguards. Therefore, capacity building for the implementing agencies and the PMUs as well as on-the-job training on the Bank safeguard policies as a requirement will be provided during project preparation and implementation.



**C. Environmental and Social Safeguards Specialists on the Team**

Thang Duy Nguyen, Social Specialist  
Son Van Nguyen, Environmental Specialist

**D. Policies that might apply**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The construction and rehabilitation of the urban infrastructure under the project would involve: i) construction and rehabilitation of urban roads and bridges on the alignments; ii) construction or rehabilitation of new or existing drainage, including ditches, channels, canals, streams, rivers; iii) construction wastewater treatment plants (WWTP) together with sewer collection pipes and relative small sized pumping stations; and iv) site clearance and construction of basic infrastructure for resettlement sites. However, these civil works are proposed at a small to medium scale. The sub-project sites would be located mainly in urban settings, on vacant land, agricultural land, and along the corridor of existing roads. The vegetation cover in the sub-project areas mainly includes some plantation forest, bushes, fruit trees, and paddy rice. Natural habitats within the project are some natural streams and lakes. The physical, chemical, and biological environments in the project areas are already heavily impacted and altered due to intense anthropogenic use and activity. All the proposed sub-projects would not be located within or near critical natural habitats, forests, archaeological, and historical sites. Therefore, the likelihood of sensitive or vulnerable receptors existing in the project areas is very low.</p> <p>The project’s overall potential environmental and social impacts would be positive as it is expected to bring about improved city drainage and flood capacity, transportation, and sanitation. The environmental and social screening during project identification indicates that the proposed project would not impact critical natural habitats and forests, or important physical cultural resources. The majority of the potential adverse impacts relate to land acquisition and construction activities. These include commonly</p>



known construction impacts and risks, such as: i) safety risks related to unexploded ordinances; ii) increased dust, noise, and vibration levels due to earth works; iii) generation of solid waste and wastewater, mostly from excavation and dredging; iv) surface water quality reduction; v) negative impacts on natural habitats of aquatic lives in some streams and lakes to be affected by or nearby construction sites; vi) negative impacts on plantation forests; vii) traffic disturbance and increased traffic safety risks; viii) disturbance to existing infrastructures and related services; ix) social impacts, including disturbance to daily lives of local households and businesses, and issues; x) health and safety of the workers and communities; and xi) social impacts associated with mobilization of workers to the construction site, etc.

The non-structural component of the project would mainly include technical assistance (TA) for improving city planning activities. TA activities will be reviewed for their potential environmental and social implications, risk and impacts and therefore, subject to Bank safeguard policies when applicable. The TA component will support urban planning; therefore, strategic environmental and social assessment (SESA) will be conducted for inputs to this planning process. The TORs for SESA and the SESA reports will be reviewed by the Bank. Processing the TA will follow the interim guidelines of the Bank's Operations Policy and Country Services, Operational Risk Management (OPSOR), effective January 2014: "Interim Guidelines on the Application of Safeguard Policies to Technical Assistance Activities in Bank- Financed Projects and Trust Funds Administered by the Bank".

These potential impacts are expected to be at low to moderate level, temporary, site-specific and mostly reversible, for which mitigation measures can readily be designed in most cases. Therefore, the project is proposed to be environmental Category B.

An Environmental and Social Impacts Assessment (ESIA) which includes an Environmental and Social Management Plan (ESMP) will be prepared for each of the cities and towns to assess the potential impacts and risks of the proposed mitigation measures in line



		with the government regulations and the Bank safeguard policies. The ESIA will include cumulative impact assessment and the World Bank Group Guidelines on Environmental, Health and Safety. Public consultation will be carried out as part of ESIA preparation. The final draft ESIA's will be disclosed on the Bank website and locally for public access prior to project appraisal.
Performance Standards for Private Sector Activities OP/BP 4.03	No	There will not be any Bank financing for private sector-led economic development projects.
Natural Habitats OP/BP 4.04	Yes	The project will be implemented in urban areas and will not involve significant conversion or degradation of critical natural habitats or other natural habitats. The project is expected to bring benefit to the environment by cleaning up lakes and streams and intercepting and treating wastewaters. However, some civil works will be implemented on existing natural habitats, such as construction of dredging of the Nam Cuong ecological lake system in Yen Bai city. The potential impacts and their associated mitigation measures will be identified and addressed in the related sub-project ESIA's.
Forests OP/BP 4.36	Yes	The project will be implemented in urban areas and would not include planned investments involving forest harvesting or forest management. However, the Yen Bai sub-project proposes to construct flood control embankment for Cau Dai Stream, road from Bach Lam Bridge to Van Phu Bridge, road connecting Nguyen Tat Thanh, Residential site No. 1, 3, 4, 5 which would require acquisition of about 27.5 ha of production forest a poor quality plantation production forest, respectively; therefore, this policy is triggered. The potential impacts on this protection forest and their associated mitigation measures will be identified and addressed in the sub-project ESIA.
Pest Management OP 4.09	No	The project will not involve the production, procurement, storage, handling or transportation of any pesticide, nor will it result in an increased use of pesticides. Therefore, the policy is not triggered.
Physical Cultural Resources OP/BP 4.11	Yes	The project is not anticipated to have potential impacts on important Physical Cultural Resources (PCRs). However, it would involve civil works with excavation and the relocation of graves, which are also considered PCR. Mitigation measures for the relocation of graves will be included in the respective



		<p>sub-project Resettlement Action Plan (RAP) and ESIA, as appropriate. In any event, a chance finds procedure will be prepared and included in the sub-project ESIA, and bidding and contractual documents during project implementation.</p>
Indigenous Peoples OP/BP 4.10	No	<p>Screening of the proposed sub-project areas showed that there are no ethnic minority communities living in or collective attachment to the project cities that meet the criteria of OP 4.10.</p>
Involuntary Resettlement OP/BP 4.12	Yes	<p>Screening of the proposed sub-projects also showed that the project would involve land acquisition of about 2,829 households (HHs), of which 406 HHs (28 HHs in Ky Anh, 140 HHs in Yen Bai, and 238 HHs in Tinh Gia) would have to relocate or reorganize on the remaining residential land. Therefore OP4.12 is triggered for the project. These impacts will cause substantial social risks such as loss of income and livelihood and disrupted social bonds due to loss of land and/or relocation. However, all potential impacts and risks could be predicable, mitigatable and manageable by applying all possible mitigation measures including design alternatives, compensation at replacement cost, provision of land plots in resettlement sites to be constructed within sub-project ward/commune for relocated households, and provision of livelihood restoration package for severely and vulnerably affected households. All the potential social impacts and associated mitigation measures will be included in a Resettlement Action Plan (RAP) for implementation.</p> <p>According to OP4.12, a RAP is required for each city/town of the project and submitted to the Bank for clearance before appraisal. On the Bank side, a Resettlement Policy Framework (RPF) is not required for the project because all sub-projects and their boundaries have been identified at time of project preparation. However, land law 2013 of Viet Nam requires to prepare a RPF for project covering multi-provinces like this project. The RPF will provide principles of involuntary resettlement policy and guidance for preparation of RAPs.</p> <p>Public consultation will be carried out as part of RAP/RPF preparation. The draft final RAPs and RPF will be disclosed locally in the local language, and at the</p>



Bank’s internal and external websites prior to appraisal.

For non-structural component, all proposed activities are focusing on strengthening capacity of the project cities for urban planning, urban development strategy, asset management and project implementation. Therefore, no safeguards issues are expected to occur in this component.

Safety of Dams OP/BP 4.37	No	The project would not involve construction or rehabilitation of dams nor would it affect or depend on the safety of any existing dam.
Projects on International Waterways OP/BP 7.50	No	The project will not be implemented on any international waterways.
Projects in Disputed Areas OP/BP 7.60	No	No part of the project activities will be implemented in a disputed area, so the policy is not triggered.

**E. Safeguard Preparation Plan**

Tentative target date for preparing the Appraisal Stage PID/ISDS

Dec 17, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The project RPF and all the subproject ESIA and RAPs will be completed and disclosed locally and at the Bank’s internal and external websites by December 2018 prior to appraisal.

**CONTACT POINT**

**World Bank**

Huyen Thi Phuong Phan, Sarah Xinyuan Lin, Vinh Quang Nguyen  
Senior Urban Development Specialist

**Borrower/Client/Recipient**

Socialist Republic of Vietnam



**Implementing Agencies**

Thanh Hoa Provincial People's Committee  
Hoang Nguyen  
PMU Director  
banqldakv.thanhhoa@gmail.com

Ky Anh People's Committee  
Khieu Nguyen Huu  
PMU Director  
pmutxka@gmail.com

Hai Duong City People's Committee  
Long Truong  
PMU director  
pmuhaiduongcity@gmail.com

Yen Bai Provincial People's Committee  
Thang Cao Kim  
PMu Director  
dohitrongdiemyb@gmail.com

**FOR MORE INFORMATION CONTACT**

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>

**APPROVAL**

Task Team Leader(s):	Huyen Thi Phuong Phan, Sarah Xinyuan Lin, Vinh Quang Nguyen
----------------------	---

**Approved By**

Safeguards Advisor:	Svend E. Jensby	03-Oct-2018
Practice Manager/Manager:	Francis Ghesquiere	04-Oct-2018
Country Director:	Ousmane Dione	05-Oct-2018

