

**SOCIALIST REPUBLIC OF VIETNAM**  
**Results-Based National Urban Development Program**  
**in the Northern Mountains Region**

**Environmental and Social Systems Assessment**  
(ESSA)

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THE WORLD BANK

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## Abbreviations and Acronyms

ADB	Asian Development Bank
BP	Bank Procedure (World Bank)
CEMA	Center for Environmental Monitoring and Analysis
CPC	City People's Committee
DOC	Department of Construction
DONRE	Department of Natural Resources and Environment (Province)
DPF	Division of Planning and Finance (City)
DPI	Department of Planning and Investment (Province)
ECOP	Environmental Codes of Practice
EHS	Environment, Health and Safety
EIA	Environmental Impact Assessment
EM	Ethnic Minority
EMP	Environmental Management Plan
EPC	Environmental Protection Commitment
ESSA	Environment and Social Systems Assessment
GoV	Government of Vietnam
IVA	Independent Verification Agency
LDC	Land Fund Development Center
LEP	Law on Environmental Protection
LIA	Low Income Areas
MOC	Ministry of Construction
MONRE	Ministry of Natural Resources and Environment (National)
MPI	Ministry of Planning and Investment
NUDP	National Urban Development Program
OP	Operational Policy (World Bank)
PAP	Program Action Plan
PDO	Program Development Objective
PforR	Program for Results
PMU	Project Management Units
POM	Program Operational Manual
PPC	Provincial People's Committee
RBNUDP-NM	Results-Based National Urban Development Program in the Northern Mountains Region
SAV	State Audit of Vietnam
TOR	Terms of Reference
UDA	Urban Development Agency
US\$	United States Dollar
WCC	Worker's Codes of Conduct
WB	World Bank

## Executive Summary

1. The Results-Based National Urban Development Program in the Northern Mountains Region (RBNUDP-NM or the “Program”) will assist the Government of Vietnam (GoV) in developing the implementation framework for its national urban program. It will do this by piloting a performance-based transfer system that will provide participating cities with a combination of much needed resources along with a clarification of implementation responsibilities, a results-based orientation, improved planning and a strengthening of oversight and accountability through audits and verification activities. The Program Development Objective is to strengthen the capacity of participating Northern Mountains cities to plan, implement and sustain urban infrastructure. The World Bank’s Program-for-Results (PforR) lending instrument is to be used for this operation. The Program targets seven cities (Dien Bien Phu, Bac Kan, Cao Bang, Thai Nguyen, Hoa Binh, Tuyen Quang and Yen Bai) with a total budget of US\$300 million (US\$250 million IDA; US\$50 million counterpart).

2. Participating cities will use the results-based transfers to build urban infrastructure under the management of the CPCs. Preliminary sub-projects proposed by the cities include rehabilitation and upgrading of roads, construction of bridges, drainage, low income areas, resettlement areas and social infrastructure. The majority of the identified Program sub-projects are small relative to many other infrastructure project areas such as large scale highway or industrial development and will mostly be constructed in areas already historically impacted by previous development.

3. The Ministry of Construction (MOC), as the designated coordinator of the National Urban Development Program (NUDP), will be the lead agency for the Program but will assign Program coordination responsibilities to its Urban Development Agency (UDA). City Peoples Committees (CPCs) will plan and implement sub-projects in the Program. Sub-project implementation will be undertaken by Project Management Units (PMUs) reporting to CPCs. Environmental and social management activities will be undertaken by the PMUs and in accordance with enhanced government rules and procedures.

4. To inform the preparation of this PforR operation, the World Bank conducted an Environmental and Social Systems Assessment (ESSA) of the Program and the sub-projects that will be financed by the results-based transfers. The ESSA examines the Program’s scope, context and potential impacts from an environmental and social perspective. It assesses the systems for environmental and social management for consistency with the core principles and attributes specified in Operational Policy (OP)/Bank Procedure (BP) 9.00 (Program-for-Results Financing). See Annex 4.

5. Based on the team’s evaluation, the environmental risks of the Program investments are considered *Substantial* and the social risks are considered *Substantial*. The principal environmental risks stem from potential impacts and risks during the construction and operational phases of the Program. These risks are typical of small- to medium-scale civil works projects and will not pose unprecedented or unusual operational challenges. All environmental impacts can be managed with known mitigation measures which are within the capacity of counterpart agencies to implement. Social risks stem primarily from the need for land acquisition and resettlement and the participation and consultation of local people. While individual sub-projects in the Program will only have small or moderate land

acquisition impacts – typically not more than 20 households to be relocated per sub-project – there are significant differences between national practice on land compensation rates and World Bank policy expectations which, if not addressed, could lead to adverse consequences for impacted parties.

## **Environmental and Social Effects of the RBNUDP-NM Program**

### *Environmental Benefits and Risks*

6. An estimated 757,000 people living in the participating cities will benefit from improved infrastructure services and, indirectly over time, from improved local planning, implementation and financing capacity that will enable participating cities to scale-up the delivery of urban infrastructure. Direct benefits will also accrue to residents of surrounding rural areas who will utilize improved infrastructure and services when accessing commercial, administrative and social services in these cities.

7. The sub-project investments under the Program are anticipated to have positive socio-environmental impacts through: reduced traffic congestion and associated air pollution risk; improved local hygiene conditions through improved stormwater drainage; and improved quality of life for the people in the participating cities, particularly in Low Income Areas, through access to new or improved public infrastructures such as local roads, lighting, schools, etc. It is anticipated that the rehabilitation of roads and the construction of bridges will result in reduced travel time and traffic congestion, as well as in more efficient vehicle operation which is closely related to reduced fuel consumption and emissions from vehicle exhausts. In combination, this will have a positive impact on air quality *vis-à-vis* a “do nothing” scenario. Drainage systems will channel stormwater run-off to appropriate conduits, resulting in flood protection and reduced infiltration of pollutants into streams or groundwater. In the specific case of Thai Nguyen, the drainage systems will carry wastewater and stormwater, and discharge it to a wastewater treatment plant. This will have a positive impact on the quality of water bodies to which treated wastewater is being discharged.

8. Vietnam has environmental assessment requirements that differentiate investment projects by potential impacts. An Environmental Impact Assessment (EIA) is mandatory for sub-projects that may have large scale adverse impacts and an Environmental Protection Commitment (EPC) is required for sub-projects with more limited impacts.<sup>1</sup> Sub-projects requiring an EIA are further divided into those that require central environmental agency review and approval (MONRE), and those that are reviewed and approved at the provincial environmental agency (by DONRE). All proposed sub-projects in the Program will require either an EPC or an EIA with delegated review and approval required at the provincial level.

9. At the sub-project level, potential adverse socio-environmental impacts and risks of Program activities are considered local in scope, time-bound and manageable. Construction of civil works and related activities may cause temporary impacts such as: noise, dust, vibration, fumes from asphaltting and transportation of materials; disruption to traffic and access to roadside activities; interruption of local household businesses and utility services; and potential contamination of soil and water from disposal of waste materials and fueling equipment. Construction activities, including operations of vehicles and construction plants, may pose safety risks to workers and the community.

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<sup>1</sup> Note that there is no equivalence between the GoV criteria for projects requiring an EIA and the definition of Category A projects under World Bank Operational Policy 4.01.

10. There are also potential impacts related to the sourcing of raw materials for construction. For example, raw materials such as soil, sand, gravel, rocks and stones will need to be used for road and bridge construction and will be extracted from borrow pits. The main socio-environmental concerns in borrow pits and quarries are safety for workers, increased erosion and landslide risks at slopes created by excavation/explosion activities, and visual impacts on the landscape.
11. In addition, as the sub-projects will be implemented in areas with a high percentage of Ethnic Minorities (EM), ethnic groups may also be affected culturally by physical construction activities or mobilization of workers from other parts of the country to the sites.
12. At the Program level, there are potential risks related to inadequate environmental supervision stemming from insufficient human and financial resources in the cities, as well as poor environmental management by contractors.
13. The potential adverse effects are generally well known and understood by the implementing authorities. It is expected that sub-project effects will be manageable with known and demonstrated mitigation measures.
14. A Program Operational Manual (POM) has been developed which includes guidance to cities on screening sub-projects to avoid impacts on physical and non-physical cultural resources; inclusion of Environmental Codes of Practice (ECOP) and Worker's Codes of Conduct (WCC) (see Annex 2 for details on the ECOP and WCC); as well as communication activities in construction contracts to manage Environment, Health, and Safety (EHS) issues at construction sites. Contractors will also be required to submit copies of their quarry license as a means of controlling EHS issues. Construction supervisors will be contracted on behalf of Program owners to supervise the contractors on both engineering aspects and EHS issues related to construction activities. Program owners and their PMUs are the entities accountable to the government to ensure that all aspects of the investments, including environmental management, follow Vietnamese legislation. While PMUs are subjected to fines for violations, they can also punish construction supervisors/contractors for non-compliance of contractual requirements/conditions. Capacity building activities will also help to improve contractor performance relating to compliance with environmental regulations.

### *Social Benefits and Risks*

15. Women, children, low-income households, and Ethnic Minorities will all benefit from local infrastructure improvements. Specific investments in low-income areas will provide direct benefits to poor individuals, including Ethnic Minorities, who are also likely to benefit from work opportunities that are created in the construction phase, and in the appreciation in property values resulting from improved servicing of their residential areas. Direct benefits will also accrue to residents of surrounding rural areas who will utilize improved infrastructure and services when accessing commercial, administrative and social services in these cities. Finally, indirect benefits will accrue at a national level over a period of time, as the implementation framework in the Program is scaled-up across all regions under the RBNUDP-NM.
16. According to the community consultations, the Program would bring crucial benefits to the local people in each city in general and in some low income areas in particular.

Implementing the Program would enable: (a) better access to basic infrastructure such as urban roads and drainage systems; (b) the steady growth of economic and commercial activities through an effective use of services and resources mobilization; and (c) more active participation of the local people in the social and cultural life of the participating cities.

17. A gender analysis was carried out as part of the ESSA. The findings of the analysis show that although the quality of women's participation and their role in decision making in the Program cities is limited, they generally actively participate in city life and take a central role in community activities. The Women's Union was found to play a crucial role in information dissemination, mobilization of people for participation and contribution to a project and can help communities minimize these potential adverse impacts.

18. Potential adverse social effects and risks under this Program are related to: (a) the need for land acquisition and compensation required for some sub-projects; and (b) the need to ensure an appropriate and inclusive approach to working with local communities, including Ethnic Minorities whose participation in decision making processes is currently weak due to a lack of both operational procedures for adequate implementation of the legal framework for Ethnic Minorities and guidance on the participation of Ethnic Minorities in the project cycle. The potential impacts on Ethnic Minorities may be compounded by land acquisition and compensation issues.

19. A review of the relevant social systems, institutional arrangements, laws and decrees as well as in depth consultations with key stakeholders such as community groups in the cities participating in the Program was carried out by team to assess the adequacy of current arrangements in meeting the core principles and attributes defined in the Program-for-Results Guidance Note on Environmental and Social Assessment.

20. Many sub-projects will require land acquisition with different impact levels. Vietnam's national legal framework for resettlement and compensation is quite robust. However, implementation practices vary by jurisdiction and regulations are inconsistently applied. The main risks associated with land acquisition and resettlement are: (a) the land valuation rate used for compensation is often below the replacement costs or market value; and (b) services to resettlement sites and other aspects of livelihood restoration are not consistently carried through and ensured. Over the six year implementation period of the project, about 403 households are estimated to be relocated under the proposed investments of the Program.

21. In general, the Government has a robust legal and regulatory framework governing land acquisition and local authorities have established the required institutional frameworks. Experience in handling of land acquisition issues is considerable. However, there are some specific weaknesses in the system, including ensuring that compensation meets the replacement cost for the lost land and other assets. Monitoring for livelihood restoration of affected people, especially vulnerable groups, also needs to be strengthened. Although there are no specific regulations relating to Ethnic Minorities in the context of land acquisition, in practice they are consulted when locating an appropriate place for relocation, often inside their communities. There is a risk that Ethnic Minorities may, at least temporarily, lose traditional livelihood opportunities through resettlement. This is particularly relevant for those Ethnic Minorities who depend on agricultural and forestry land for their survival with limited education or commercial skills that would prevent them from engaging in alternative livelihood opportunities. The recently approved new Land Law that will come into effect in

July 2014 includes a provision to ensure that Ethnic Minorities have sufficient land available for living and agricultural production (if needed) after land acquisition. However, lack of compensation budget often leads to delays in compensation and resettlement processes.

22. The Government has a good regulatory framework for people's participation especially in relation to engaging with Ethnic Minorities. However, there is a need to strengthen the implementation of the framework to ensure meaningful participation and consultation with local people, including Ethnic Minorities. There is a concern relating to the non-physical environment of the Program cities, especially for cultural and traditional aspects of Ethnic Minorities. Meaningful consultation with Ethnic Minorities at every step of the Program implementation, including city planning, sub-project design and implementation, compensation, resettlement and rehabilitation measures for land acquisition would help to meet the specific demands of Ethnic Minorities to maintain their culture and lifestyle.

23. Table 1 below provides an assessment of five environmental and social systems risk criteria.

**Table 1: Summary of Environmental and Social Risks**

<b>Risk Criteria</b>	<b>Risk Description</b>	<b>Risk Rating</b>	<b>Key Mitigation Measures</b>
Social impacts	Involuntary Resettlement results in affected households and communities being worse off due to inadequate compensation and lack of attention to resettlement issues beyond compensation payment.  EM communities are not included in decision making as the agreed participation procedures are not well implemented.	<i>Substantial</i>	- Program Action Plan (PAP) action on land acquisition and compensation; and  - PAP action on community participation and consultation (incl. Ethnic Minorities)
Environmental impacts and risks	Works will have an adverse impact on the physical environment and communities, in particular construction sites, if mitigation measures are not applied.  Inadequate environmental supervision stemming from insufficient human and financial resources in the cities may lead to incomplete implementation of environmental protection measures.  Construction-related environmental and worker safety issues due to poor construction supervision and low compliance by contractors.	<i>Substantial</i>	-Promote community participation in sub-project design and construction monitoring;  -Build environmental management capacity for the participating cities/provinces;  -Improve the environmental screening and assessment process; and  -Improve post-EIA environmental monitoring and supervision through adequate staffing
Sustainability	Improvements in environmental and social performance/ capacity need to be institutionalized in order	<i>Moderate</i>	-Build environmental and social capacity in the participating cities/provinces,



Risk Criteria	Risk Description	Risk Rating	Key Mitigation Measures
	to ensure sustainability after the Program ends.		including adequate staffing of agencies; and -Strengthen the implementation of national social and environmental regulations and guidelines.
Institutional capacities/ complexities	<p>For smaller investments, the DONRE and city authorities have jurisdiction; while for larger investments, it is the province. Unclear responsibilities and mandates may lead to delays in approval of sub-projects.</p> <p>Land acquisition activities are conducted by the city's specialized organizations so inadequate coordination between these organizations and the PMU could cause delays and complexities in the land acquisition process.</p> <p>Weak capacity of the PMU would limit effective consultation with local people, including ethnic minorities.</p>	<i>Substantial</i>	<p>- Clarify the roles and responsibilities of DONRE, the city authorities and the provinces for approval of sub-projects, including revising operational guidelines and procedures;</p> <p>- Develop guidelines and procedures through the POM to strengthen the implementation of national regulations relating to land acquisition; and</p> <p>- Build capacity of PMUs and develop guidelines for consultation including with ethnic minorities.</p>
Reputational risks	<p>There are differences in implementation practices of involuntary resettlement activities. In cases of land acquisition where compensation is delayed and/or not paid at market rates, complaints may be filed and lead to reputational risks.</p> <p>Support to “chunky” (larger) infrastructure may be perceived as atypical of PforR operations which have mainly supported low- to moderate-risk investments.</p>	<i>Moderate</i>	<p>- PAP actions on community participation and consultation, land acquisition and compensation and grievance redress mechanisms (reflected in DLI verification protocol); and</p> <p>- Program should carefully consider the potential social and environment risks when appraising larger infrastructure sub-projects to mitigate reputational risks.</p>

## Main Conclusions and Recommendations

24. **Past Program performance track-record:** The World Bank has partnered with Vietnam on several road, transport and other urban infrastructure projects. Recent operations include: the Vietnam Road Asset Management Project (VRAMP); Da Nang Sustainable City Development Project (SCDP); the Vietnam Urban Upgrading Project (VUUP); and the Mekong Delta Region – Urban Upgrading Project (MDR-UUP). Following a review of the relevant environmental records and site visits by task teams to these operations, no significant environmental issues were identified. Many roads and bridges in Vietnam have been

constructed, rehabilitated and maintained during the implementation of these operations and no major environmental issue was reported or identified during field supervision.

25. Institutionally, the environmental management function is fully established from the central to the city level and is capable of managing the environmental aspects associated with the vast majority of investments identified for the RBNUDP-NM. However, shortcomings in the performance of the environmental management system have been identified, including: (a) weaknesses in environmental screening and assessment; (b) weaknesses in post-EIA monitoring and supervision practices, and (c) challenges in ensuring environmental compliance during the construction phase. Given the proposed type and scale of investments under the Program, its geographic focus, and previous experience with similar sub-projects in the participating provinces and cities, the overall environmental management risk is considered *Substantial*.

26. From the environmental management perspective, the following measures are recommended (and summarized in Table 2):

- (a) **Strengthen the environmental management capacity** of the participating cities/provinces in order to promote institutional sustainability. A capacity building program, including formal and on-the-job training, should be developed and implemented. A qualified environmental specialist should be engaged at the central level to provide technical advisory services to the PMUs in the early stage of the Program and prepare an environmental training plan for the Program. The environmental training plan should cover all key stakeholders such as PMU Environmental Officers, construction supervisors, and contractor site engineers. The DONREs and the city Environmental Divisions should also be engaged in the Program's environmental capacity building.
- (b) **Clarify the roles and responsibilities of DONRE, the city authorities and the provinces** in order to streamline the approval process for sub-projects. Operational guidelines and procedures should be reviewed and revised accordingly.
- (c) **Improve the environmental screening and assessment process** to address the identified weaknesses. Specific information on the environmental screening and assessment process to be used under the Program should be included in the POM in order to make it a condition for Program negotiations. Under the Program, the environmental specialist engaged at the central level by the Ministry of Construction should review the Terms of Reference (TORs) for sub-project EIAs.
- (d) **Improve post-EIA environmental monitoring and supervision.** Each PMU should be staffed with at least one Environmental Officer with relevant background and/or experience to oversee the environmental process, particularly reviewing the draft environmental assessment reports, the mitigation measures incorporated into the engineering designs, construction bidding and contractual documents, and construction supervision contracts.
- (e) **Promote community participation in sub-project design and construction monitoring.** While community consultation is compulsory during the preparation of environmental assessment reports, continued consultation with local communities should be required under the engineering design contracts. The PMU should be

instructed to coordinate with local authorities to arrange for community monitoring, which has proven to be effective in past projects.

- (f) **The Program should carefully consider the environmental risks** when appraising larger infrastructure sub-projects which, by their prominent nature might lead to potential reputational risks.

**Table 2: Summary of Recommendations on Environmental Aspects**

<b>Recommendation</b>	<b>Time Frame</b>	<b>Responsibilities</b>
<b>Strengthen environmental management capacity</b>	From March 2015	MOC, Provincial People's Committees (PPCs), PMUs, DONREs, environmental staff and consultants, contractors, design consultants, benefited communities
<b>Clarify roles and responsibilities of DONRE, city, provincial authorities</b>	On-going	MOC, through POM
<b>Improve environmental screening and assessment process</b>	On-going	MOC, CPCs, environmental staff
<b>Improve post-EIA environmental monitoring and supervision</b>	From March 2015	PPCs, PMUs, environmental staff, construction supervision consultants
<b>Promote community participation in sub-project design and construction monitoring.</b>	On-going, as part of sub-project preparation	PMUs, design consultants, contractors, benefited/affected communities
<b>Consider carefully environment risks when appraising larger infrastructure sub-projects to mitigate potential reputational risks</b>	On-going	WB, MOC, PPCs, PPMUs

27. Gaps in the social management legal framework have been identified in regard to social screening and assessment, involuntary resettlement, participation and social accountability, including for Ethnic Minorities. In addition, weakness has been found in the existing capacity for effective management of social aspects at the provincial and city levels, leading to a lack of institutional sustainability. From the social management perspective, the following Program measures are recommended (and summarized in Table 3):

- (a) **Improve the transparency and accountability of implementing organizations** through the maintenance of a database on corruption/fiduciary/procurement and Program implementation feedback and complaints. This should be included as an action in the Program Action Plan.
- (b) **Conduct social screening** to maximize project benefits and minimize adverse impact to local communities especially on land acquisition. Specific information on social screening processes to be used under the Program should be included in the POM in

order to make it a condition for Program negotiations. If land acquisition is unavoidable, provinces and cities will ensure that people affected by loss of land and assets will be compensated so that they are no worse off than before that loss. An appropriate mechanism will be developed to assess the value of lost land and other assets so that they are reflective of market value, and to determine adequate compensation (for legal users) and assistance (for illegal land users). This should be included as an action in the Program Action Plan.

- (c) **Agree on and approve detailed screening criteria and procedures regarding ‘voluntary donation’ of land.** This should be done prior to commencement of civil works to ensure people are not worse off after the donation. Program funds may be used for compensation and resettlement activities in order to avoid delays and to facilitate the land acquisition process. Provinces will also ensure that relocated households will only move when the resettlement package is operational. Livelihood restoration will be incorporated as a principle in the design of resettlement packages and will be monitored.
- (d) **Incorporate the Women’s Union and similar groups into the institutional structure of implementation** in order to assist in promoting gender sensitive community mobilization, participation and grievance redress channels. A gender officer should be included in each PMU and in the UDA in MOC to mainstream gender equality across the Program.
- (e) **Enhance people’s participation**, especially for Ethnic Minorities, to ensure their meaningful participation and consultation in every step of the Program implementation, including city planning, sub-project design and implementation, compensation, resettlement, and rehabilitation measures in land acquisition. This should be included as an action in the Program Action Plan.
- (f) **Encourage the following social development measures:** (i) ensuring unskilled (and to the extent feasible, skilled) labor is sourced locally; (ii) tapping women’s organizations as resources to mobilize the community and get buy in for the Program; and (iii) ensuring access to the newly-developed infrastructure for people with disabilities.
- (g) **Include in the Program Operational Manual guidelines** that will: (i) strengthen the application of national law at the provincial level in terms of: resettlement, compensation and support including developing a firm basis for land valuation and criteria for land/asset donation; (ii) strengthen implementation of national regulations on information disclosure, consultation and participation and claims and redress mechanisms including strengthening consultation and participation with special attention to Ethnic Minorities and vulnerable groups; (iii) boost gender equality and women’s participation in Program activities; and (iv) enhance disabled access in infrastructure development.
- (h) **Supplement the above-mentioned guidelines with capacity building measures.** A suitable M&E system should be developed to track the implementation of the guidelines.

- (i) **Strengthen grievance redress mechanisms (at the provincial and city levels) as well as their implementation and documentation.** This will require capacity building to improve conflict resolution and properly track and document all grievances.
- (j) **Ensure that the Program carefully considers the social-related political and reputational risks** when appraising larger infrastructure sub-projects under the Program.

**Table 3: Summary of Recommendations on Social Management Aspects**

<b>Recommendation</b>	<b>Time Frame</b>	<b>Responsibilities</b>
<b>Improve the transparency and accountability of implementing organizations</b>	On-going	MOC, CPCs, PMUs
<b>Enhance social screening processes</b>	On-going	MOC, PMUs, social staff/consultant
<b>Approve detailed screening criteria regarding “voluntary donation” of land</b>	March 2015	MOC, CPCs
<b>Ensure meaningful participation and consultation, especially Ethnic Minorities</b>	On-going	MOC, PMUs, social staff/consultant
<b>Encourage social development measures</b>	On-going	MOC, PMUs, CPCs
<b>Include guidelines in POM to better apply law, implement regulations, boost gender equality and enable disabled access</b>	April 2015	MOC, PMUs, CPCs
<b>Supplement guidelines in POM with capacity building measures; M&amp;E system</b>	April 2015	MOC, PMUs, CPCs
<b>Strengthen grievance redress mechanisms and their implementation</b>	On-going	MOC, PMUs, CPCs
<b>Consider carefully social risks when appraising larger infrastructure sub-projects to mitigate potential reputational risks</b>	On-going	MOC, PMUs, CPCs

28. As part of the preparation of this ESSA, public consultation workshops were carried out to: (a) brief participants on the Environmental and Social Systems Assessment approach under this Program for Results operation; (b) solicit feedback on the key findings and recommendations of the ESSA; and (c) identify possible recommendations for the PAP. In general, stakeholders expressed their strong support for the implementation of the Program, which they considered would help to address existing local socio-environmental challenges and improve quality of lives for local communities while bringing about longer term socio-environmental and economic benefits. Recommendations by participants included the

adoption of independent land appraisal to ensure compensation prices reflect market prices or replacement cost, institutional capacity building activities, mitigation of environmental impacts and improved consultation especially with women. This feedback was carefully considered by the team and will be addressed through the Program where appropriate.

## INTRODUCTION

29. Vietnam is entering a crucial period of its urban transition, triggered by the 1986 Doi Moi reforms, as both the population and economy begin to rapidly urbanize. Globally, the urbanization process has proven its potential to generate significant opportunities for inclusive growth, poverty alleviation, and environmental sustainability. Urban centers provide agglomeration economies that can enable economic dynamism, scale for the financing and development of major facilities, and a growing source of tax receipts. However, poorly managed urbanization processes can lead to growing inequality, environmental damage, and bottlenecks to economic growth as the provision of urban land and infrastructure fails to keep pace with demand. Inadequate or poorly planned land development can create inefficient urban forms and exclude poor people from effective participation in the benefits of urban growth.

30. The growth of cities in the Northern Mountains region of Vietnam presents a significant opportunity to support regional growth and poverty reduction. The region is historically important but lagging. Since 1999, the Northern Mountains region has had the lowest income per capita in the country<sup>2</sup> and it faces significant development challenges, including a rapid growth in the size of urban centers. These urban centers play a key role in local area development, serving as economic and administrative hubs and are increasingly becoming the engines of regional economic growth. However, there is a widening gap between their expanding need for urban infrastructure investments and the financial resources that are currently available. Moreover, city and provincial administrations tasked with urban development and management functions are weak, fragmented, and under-resourced. They are unable to respond adequately to expanding local needs, are unable to leverage local resources effectively for sustained investment and asset management, and – despite clear evidence of capabilities in some areas – have generally weak capacity and incentives to deliver investments on time and within budget.

### **Results-based National Urban Development Program in the Northern Mountains Region**

31. The RBNUDP-NM will be the first regional implementation of the NUDP and the first step in translating the Government's overall urban development strategy into a concrete and implementable delivery mechanism by piloting a performance-based transfer system that will provide participating cities a combination of much needed resources alongside a clarification of implementation responsibilities, a results-based orientation, and a strengthening of oversight and accountability through audits and verification activities.

32. The Program Development Objective is to strengthen the capacity of participating Northern Mountains cities to plan, implement, and sustain urban infrastructure. The World Bank's Program-for-Results lending instrument is to be used for this operation.

33. In achieving its Development Objective, the Program will directly contribute to shared prosperity in the region through the development of secondary cities as provincial and regional centers of growth. These cities will become economic and administrative hubs that will drive development, create jobs, and provide services.

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<sup>2</sup> Government Statistics Office, Monthly average income per capita at current prices by residence and by region (17/09/2013).

## Purpose of the Environmental and Social Systems Assessment

34. The purpose of this ESSA is to:
- (a) document the environmental and social management procedures, standards and institutional responsibilities that will apply to the Program;
  - (b) evaluate the institutional capacity to manage the likely environmental and social effects in accordance with the country's own requirements under the Program;
  - (c) assess the consistency of the borrower's systems with core principles and attributes defined in the Program-for-Results Guidance Note on Environmental and Social Assessment; and
  - (d) recommend specific actions for improving counterpart capacity during implementation to ensure consistency with World Bank principles.
35. Key findings of this assessment will be used to improve environmental and social management outcomes of the Program through specific actions under the overall Program Action Plan (a preliminary version of which is included in Table 4, below) as well as through technical assistance and capacity building activities to be implemented under the Program. The PAP will be discussed and agreed with the GoV, and its implementation will be assured through a Prime Ministerial order.

**Table 4: Program Action Plan**

1. Participating cities will enhance transparency by maintaining databases on: (a) public consultation/corruption/fiduciary/procurement/Program implementation complaints and responses to those complaints; and (b) beneficiary feedback to implementing agencies and responses to such feedback. The information will be aggregated at the national level by Ministry of Construction (MOC) and will be reported to the Bank on a periodic basis.			
<i>Disbursement Linked Indicator (DLI) or Loan Covenant</i>	<i>Due date</i>	<i>Responsible party</i>	<i>Completion Measurement</i>
<b>Covenant</b>	First report for period from January 1 to December 31, 2015 submitted to the Bank on January 31 <sup>st</sup> 2016. Following reports will be submitted every year.	<b>MOC and Participating Cities</b>	<b>Databases maintained and reports submitted</b>
2. Procurement methods in participating cities will be enhanced by ensuring that:			
(a) All proposals for detailed designs, construction supervision and bids for civil works, whether below or above cost estimates, shall be evaluated; proposals and bids shall not be rejected only on the basis of minor, non-substantive deviations;			
(b) At least 30 percent of city consulting contracts for detailed designs, construction supervision will be competitively bid, progressively increased to 80 percent by the end of the Program period. At least 90 percent of city civil works contracts will be competitively bid, progressively increased to 100 percent by the end of the Program period;			



<p>(c) State-Owned Enterprises dependent on Program provinces/cities/departments will be excluded from participating; and</p> <p>(d) Firms and individuals on the local, national or Bank debarment/suspension lists will not be allowed to participate.</p>			
<i>DLI or Loan Covenant</i>	<i>Due date</i>	<i>Responsible party</i>	<i>Completion Measurement</i>
<b>Covenant</b>	<p>(a) Ongoing;</p> <p>(b) Intermediate targets will be monitored every January 1<sup>st</sup>; and</p> <p>(c) and (d) Ongoing</p>	<b>Participating Cities</b>	<p><b>Progress reported upon in Program Report</b></p> <p><b>Supervision and audits to establish actual performance.</b></p>
3. MOC will build and implement an effective internal audit function for the Program			
<i>DLI or Loan Covenant</i>	<i>Due date</i>	<i>Responsible party</i>	<i>Completion Measurement</i>
<b>Covenant</b>	<p>First report for the period from January 1 to December 31, 2015 submitted to the Bank on March 31<sup>st</sup> 2016. Following reports will be submitted every year.</p>	<b>MOC</b>	<p><b>Internal audit report sent annually to the Bank</b></p> <p><b>Supervision will review quality of the internal audit process.</b></p>
<p>4. Participating cities will ensure that land acquisition and related adverse impacts are avoided or minimized and that people affected by loss of assets or land, or income streams, will be compensated so that they are no worse off than before that loss, and if possible better off. In addition, an efficient and independently verifiable mechanism will be developed to assess the market value of lost land, other assets and income streams to determine adequate means to restore livelihoods of affected people.</p> <p>5. MOC and the participating cities will jointly develop guidelines to ensure the effective participation of and consultation with local people, including Ethnic Minorities and vulnerable groups, in the investment process. The guidelines, to be implemented by participating cities, shall fully operationalize existing Vietnamese Legislation with respect to Ethnic Minorities through a process of free, prior, and informed consultations.</p>			
<i>DLI or Loan Covenant</i>	<i>Due date</i>	<i>Responsible party</i>	<i>Completion Measurement</i>
<b>Covenant</b>	<p><b>Action 4: Resettlement:</b> ongoing</p> <p><b>Land valuation mechanism:</b></p>	<b>MOC and Participating Cities</b>	<b>Progress reported upon in Program Report</b>

	January 1 <sup>st</sup> 2015 <b>Action 5: Guidelines</b> January 1 <sup>st</sup> 2015		<b>Supervision will review implementation quality.</b>
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36. The ESSA was prepared in collaboration with relevant officials and technical staff members of GoV implementing agencies. The methodology included: (a) interviews with city representatives, provincial departments, and agencies and other institutions related to the Program; (b) visits to typical sub-projects that will be supported through performance-based transfer funds; (c) consultations with relevant sector level stakeholders, including Program beneficiaries and potentially affected people; (d) review of the country environmental and social management regulations; and (e) a desk review of relevant documentation including legislation and instruments for supervision, monitoring, and evaluation. A record of consultations with relevant stakeholders and the list of participants are available in Annex 1 of this document.

## SECTION 1: PROGRAM DESCRIPTION

### National urban program

37. Government has been responding to rapid urban growth with both institutional reforms and financing. Since 1986, a program of decentralization has gradually devolved authority for urban governance and service delivery to City People's Committees. This has been accompanied by fiscal transfers to cities, which have been routed via the provinces, typically via discrete project-based grants and a growth in local level spending in response to demand.<sup>3</sup> This approach has resulted in significant progress in access to basic urban infrastructure services. An estimated 75 percent of urban households have access to water services (from 35 percent in 1997), 67 percent have access to toilets (from 17 percent), and eight larger cities now have waste water treatment plants (from a baseline of zero). At a national level, 96 percent of households have access to electricity services, and over 90,000 kilometers (km) of roads have been paved in the last decade.<sup>4</sup>

38. However, massive challenges remain as urban populations continue to expand and their spending power increases. Residual shortfall in access to services needs to be addressed, while networks require expansion to accommodate growth in households and their demands. The number of vehicles on urban roads has more than doubled in the last decade, while still only 8 percent of wastewater is currently treated. It is estimated that an additional 50 million square meters (m<sup>2</sup>) of housing stock will be required each year to 2020. The above gaps will drive demand for associated bulk, connector and internal infrastructure services.

39. Government has established ambitious national targets for addressing these urban investment needs by 2020 (see Decision No. 1659/QĐ-TTg), including expanding access to:

- water supply to 90 percent of households, and 120 liters / person / day, and reducing non-revenue water to between 10 and 25 percent, depending on the class of town;
- sewerage and drainage systems to over 80 percent of urban catchment areas, with at least secondary treatment of 60 percent of wastewater (rising to 100 percent and 70 percent, respectively, by 2025);
- solid waste collection and disposal services to 90 percent of households and firms (with 100 percent coverage for hazardous waste);
- street lighting to over 85 percent of urban roads outside of the largest urban centers (and 100 percent within them) ;
- housing to 75 percent of the urban population, with average floor area per person of 29 m<sup>2</sup>;
- road space to between 20 and 30 percent of urban land (depending of class of town), and expanding access to public transport services; and
- urban green spaces per person to between 4 m<sup>2</sup> and 15 m<sup>2</sup>, depending on the class of town.

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<sup>3</sup> Disaggregated financial data on urban investment is not available by sector, national transfers are not fully disclosed by target area, and provincial and city level reporting is not aggregated nationally nor does it fully account for sources of revenues. Budgeting practices and functional overlaps also significantly complicate financial analysis.

<sup>4</sup> Assessment of Financing Framework for Municipal Infrastructure. World Bank, 2013.

40. These targets will require large, but as yet poorly quantified, amounts of investment. Initial estimates suggest that US\$1.5 billion is required *annually* for water supply, wastewater and low-income housing investments. Other estimates suggest that at least US\$1 billion is required annually just for wastewater investments.<sup>5</sup>

41. Disaggregated estimates for energy and transport investment needs are not available. The Infrastructure Finance Review notes that despite these uncertainties, there is a significant shortfall between investment needs and available resources (estimated at between 50 and 60 percent for all infrastructure sectors nationally), and significant policy, regulatory and local capacity weaknesses exist that will need to be addressed. Capacity-building programs, for example, have typically provided only generic training on technical topics, rather than also focusing on improved results through strengthening the public expenditure management cycle.

### **The National Urban Development Program**

42. Government adopted the National Urban Development Program (Decision No. 1659/QĐ-TTg of the Prime Minister) in 2012 to address the lack of coherence in the management of urbanization, and to provide a programmatic focus to achieving the 2020 targets for urban service delivery. The objective of the NUDP is to promote an efficient, sustainable and equitable process of urban development by improving levels of access to basic urban services (water supply, sewerage and drainage, solid waste management, public lighting, roads and public transport, environmental services and public space), expanding the provision of serviced land for high-density housing and economic activities, and through integrated urban upgrading of low-income urban areas. The NUDP recognizes the importance of developing effective planning, financing, implementation and monitoring systems, particularly at the local level, to ensure the efficient execution and sustainability of required investments in urban infrastructure. It specifically notes the importance of strengthening urban management through improving mechanisms for investment planning and works management, increasing public awareness of local government roles and responsibilities, building the capacity of local officials and encouraging new mechanisms to finance infrastructure.

43. The NUDP is an "umbrella" program through which the Government aims to coordinate and focus current efforts by all levels of government in addressing the urbanization challenge. The Prime Minister thus assigned responsibility for program coordination and implementation to the Ministry of Construction, and established a multi-departmental Steering Committee (headed by the Minister of Construction) to supervise the execution of the program. It thus complements existing government programs (such as the Urban Upgrading Program).<sup>6</sup> Until now, the NUDP has not had designated resources, as its operating expenses have been covered by budgets of implementing agencies and resources for infrastructure investment have been channeled through existing transfer mechanisms or own-source revenue. It is not possible to estimate past or current annual urban development expenditures in Vietnam. The NUDP has sought to leverage these expenditures without specific program expenditures assigned to it, operating through existing government agencies

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<sup>5</sup> Vietnam Urban Wastewater Review. World Bank, 2013.

<sup>6</sup> The absence of financial data in existing government programs makes it impossible to evaluate the size of actual expenditures that are within the framework of the NUDP (i.e., transfers supporting urban development).

and budgets. This fundamental weakness in the government program of expenditures will be addressed through the Program, which establishes a dedicated resource envelope and implementation modalities for the NUDP.

44. Progress with the implementation of the NUDP has been slow in the first year of its implementation. This has been due to the limited attention paid to the design of detailed implementation modalities. MOC has recognized this, and initiated a stocktaking exercise in May 2013 across all provinces on NUDP implementation. A concluding workshop in December 2013 found that, overall, provinces across the country have started to align their implementation of urban development activities with the NUDP's core principles and that a revision to implementation modalities and timelines is necessary, specifically to align financing mechanisms, capacity support and national oversight systems with NUDP objectives and to account for variations in progress between classes of cities. Government is now proposing to implement the NUDP incrementally through a series of regional sub-programs that will provide a comprehensive package of performance-based fiscal support, capacity support and enhanced oversight. The RBNUDP-NM (the Bank-supported operation) would be the first regional implementation of the NUDP.

### **The Results-Based National Urban Development Program in the Northern Mountains Region**

45. Through the RBNUDP-NM, the Government will introduce a regionally focused, performance-based transfer program with capacity building support for participating cities and improved national oversight systems. The Program operates at two levels: (a) in selected cities within the target region, through performance transfers and capacity support activities; and (b) at the national level by strengthening program management systems, urban policy development, and oversight. These activities will influence both the continuing implementation of the NUDP and the framework for all government expenditures on urban development (including, as a first step, assisting the Government to quantify existing financing arrangements and investment needs).

46. Program expenditures are estimated to total US\$ 300 million and the implementation period is anticipated to be six years, from 2015 to 2020. US\$280 million will constitute the performance-based transfer system, financing infrastructure investments and project management activities by CPCs as specified in the investment menu. This includes US\$50 million in counterpart contributions from the participating cities. US\$20 million will support MOC activities, including the provision of capacity support (training and technical assistance) to participating cities, the development of national urban policy and implementation frameworks, and the strengthening of oversight systems (see Table 5 below). Note that city level expenditures include direct recurrent costs associated with the implementation of sub-projects under the Program. Program Expenditures will consist of:

- a) construction costs of priority infrastructure investments through budgets of participating Cities;
- b) associated costs of services for social and environmental related studies pertaining to the infrastructure investments;
- c) compensation costs associated with the infrastructure investments;
- d) operating costs of the City administrations associated with management of the infrastructure investments;
- e) costs of Program administration and capacity development activities implemented by MOC; and

f) costs of verification audits undertaken by the State Audit of Vietnam (SAV).

**Table 5: Program Expenditure Framework (US\$ millions)**

	2015	2016	2017	2018	2019	2020	Total
<i>Estimated expenditures by cities including IDA and counterpart funds*</i>							
Thai Nguyen City	13.50	31.00	19.50	8.00	6.00	1.00	79.00
Cao Bang City	8.50	3.50	12.00	5.00	3.00	0.50	32.50
Bac Kan City	6.00	8.50	5.50	5.00	3.00	0.50	28.50
Dien Bien Phu City	4.00	10.00	10.00	5.50	2.50	0.50	32.50
Yen Bai City	5.50	2.50	14.50	9.00	2.50	0.50	34.50
Tuyen Quang City	4.00	3.00	12.00	15.00	6.00	0.50	40.50
Hoa Binh City	3.00	1.50	10.50	8.00	8.50	1.00	32.50
<b>Sub-Total for cities</b>	<b>44.50</b>	<b>60.00</b>	<b>84.00</b>	<b>55.50</b>	<b>31.50</b>	<b>4.50</b>	<b>280.00</b>
<i>Estimated national level Ministry of Construction Expenditures by Type</i>							
National Policy Development	1.00	1.00	1.00	1.00	1.00	2.00	7.00
MOC Staffing and Capacity Development	2.00	2.00	2.00	2.00	1.00	1.00	10.00
Annual Audits (SAV)	0.50	0.50	0.50	0.50	0.50	0.50	3.00
<b>Subtotal for MOC</b>	<b>3.50</b>	<b>3.50</b>	<b>3.50</b>	<b>3.50</b>	<b>2.50</b>	<b>3.50</b>	<b>20.00</b>
<b>Total for Program</b>	<b>48.00</b>	<b>63.50</b>	<b>87.50</b>	<b>59.00</b>	<b>34.00</b>	<b>8.00</b>	<b>300.00</b>

\* Expenditures by cities include recurrent expenditures associated with sub-project management. Vietnamese public sector accounting practices require these costs to be included in sub-project cost estimates and budget provisions.

#### *Program expenditures in the context of participating CPCs*

47. City Peoples Committees will plan and implement sub-projects in the Program. As these cities are the project owners for individual sub-project investments, the funding under will be reflected in the revenues and expenditures of the CPC annual budgets. Sub-project implementation will be undertaken by Project Management Units reporting to CPCs. Existing asset management arrangements will continue. Provinces will continue to play their role in the approval of city plans and budgets.

48. As a level of government, CPCs have a range of functions that are not directly related to urban development. The total expenditures of CPCs amounted to US\$154.8 million in 2012 (or US\$189 per capita), and have grown by an average of 25 percent per year since 2010. Expenditures on urban infrastructure investments (capital investments including direct project management costs) accounted for 24 percent of this expenditure (US\$38 million, or US\$46 per capita) and have grown at an average of only 15 percent since 2010. Personnel expenditures (in four cities for which data is available) accounted for an average of 52.1 percent of recurrent spending since 2010. City expenditures are financed through a mixture of local taxes and fees (34 percent) which are subject to revenue-sharing arrangements with provincial governments, transfers from provinces (30 percent), land sales and leases (20 percent) and accumulated savings (15 percent).

49. These existing CPC expenditures are expected to continue. On average, the Program will add an additional US\$5.5 million to the annual expenditures of each city, or US\$47 per capita. This constitutes about 24.8 percent of total CPC expenditures in 2012, and 101 percent of their capital spending baseline. However, this is anticipated to decline sharply due

to ongoing growth in existing revenues and expenditures outside of the Program. If the current rate of growth and expenditure composition is sustained over the Program period (to 2020), CPC expenditures are projected to increase more than seven fold by FY2020, with capital expenditures more than doubling. They will then far outstrip annual Program expenditures. This provides a critical window for the Program to enhance the effectiveness of these future CPC expenditures, in line with NUDP objectives.

### ***Program Activities***

50. The Program encompasses three primary activities, namely:

- a. *Performance-based transfers for local infrastructure:* The Program will provide, through the Ministry of Finance, a performance-based transfer to participating cities for investment in local infrastructure. The performance-based transfer will be allocated to cities on a simple population-weighted basis, subject to a minimum allocation per city (or floor), as shown in Table 6 below:

**Table 6: Maximum IDA Performance-based Allocations to Participating Cities (under DLIs 1, 2, and 3; for 6 Years)\***

City	Population	Total (US\$ million)
Thái Nguyên	330,707	61.01
Điện Biên Phủ	69,586	26.65
Cao Bằng	84,421	28.61
Bắc Kạn	38,012	22.50
Hòa Bình	93,400	29.79
Tuyên Quang	110,120	31.99
Yên Bái	90,830	29.46
<b>Total</b>	<b>817,076</b>	<b>230.00</b>

- b. *Capacity Support to participating cities:* As the Program overseer and coordinator, the MOC will provide orientation, training and ‘hands-on’ technical assistance to participating cities. This support will focus on ensuring effective implementation management and the achievement of performance requirements associated with the transfers. Specific activities will focus on: (a) planning and delivery management (capital investment planning, project design -- including environmental and social management and gender informed design); (b) procurement, financial management, contract/project management, and grievance mechanisms and combating corruption; (c) revenue management and infrastructure finance; and (d) asset management.
- c. *National policy development and oversight:* The MOC will further develop national policies, strategies and implementation frameworks for the management of urban development, and strengthen its capacity for effective oversight of cities participating in the Program. This strongly complements other primary activities in the Program through developing an enabling environment for effective local governance and ensuring local performance is effectively monitored.

### ***Geographic Scope of the Program***

51. Seven cities will participate in the Program, including Bac Kan, Cao Bang, Dien Bien Phu, Hoa Binh, Thai Nguyen, Tuyen Quang and Yen Bai. All are located in the Northern Mountains region and are considered Class II-III cities, except for Thai Nguyen City which is a Class I city, based on the Vietnamese definition of urban centers provided in Government Decree 42/2009/ND-CP.

### ***Typology of Works***

52. Under the Program, participating cities select investment sub-projects from their master plan on an annual basis. Performance-based transfer funds can only be used to support a limited sub-set of infrastructure works, consistent with the municipal service delivery mandate (see Table 7 below).

53. The PforR lending rules currently exclude support for activities with significant adverse environmental or social impacts (equivalent to Category A projects under Bank investment lending operations). The team's visits to the field have confirmed that the Program's infrastructure sub-projects are not expected to result in any significant adverse environmental impacts that are sensitive, diverse, or unprecedented. The majority of the identified Program sub-projects are small relative to many other infrastructure projects which already exist in the project areas such as large scale highway or industrial development and mostly will be constructed in areas already historically impacted by previous development. Thus, the RBNUDP-NM Program will not involve investment activities that would normally be considered environmental or social risk Category A under conventional investment lending criteria.

**Table 7: Menu of Urban Infrastructure Supported by the Program**

Type of Infrastructure	Description
Roads	Roads and minor bridges (<25m length) under management, operation and maintenance of the city
Bridges	Bridges (>25m length) under management, operation and maintenance of the city
Drainage	Urban drainage and environmental amenities: including regulation lake and channel rehabilitation that is demonstrably linked to flood control and erosion protection
Low Income Areas	Improvement of tertiary infrastructure including streets, drainage and lighting.
Resettlement Areas	Provision of public infrastructure in areas where housing/land will be allocated to households resettled due to city infrastructure projects (potentially including but not limited to the Program sub-projects), excluding infrastructure for commercial purposes
Social Infrastructure	Including construction and rehabilitation of schools and markets, excluding clinic and health centers (due to special requirements)

54. The CPCs have prepared provisional lists of sub-projects to be financed by the Program. These lists have been determined by the provincial and city administrations, guided by the Provincial Department of Planning and Investment (DPI), by identifying the highest



priority investments from the city master plans and detailed five-year plans (2011-16). These lists have been reviewed by the MOC and confirmed as complying with the eligibility and prioritization criteria. Table 8 below summarizes the proposed sub-project outputs by type. Some examples of proposed sub-projects are presented in Annex 5.

**Table 8: Summary of Proposed Sub-Projects**

Type	Sub-projects	Estimated Cost (US\$ million)	Average Cost (US\$ million)	% Cost
Roads	40	124.00	3.10	44.29
Bridges	5	46.00	9.20	16.43
Drainage	12	41.50	3.46	14.82
LIA	18	23.00	1.28	8.21
Resettlement Areas	6	28.00	4.67	10.00
Social Infrastructure	5	6.50	1.30	2.32
Other	2	11.00	5.50	3.93
<b>TOTAL</b>	<b>88</b>	<b>280.00</b>	<b>3.18</b>	<b>100.00</b>

55. **Roads.** The proposed roads vary from 7m to 24m in total width (carriageway width 5m to 15m). These roads are a part of the main spinal roads providing access to urban areas. In all cases, the proposed road is upgraded from an existing minor road or track; works include repair, resurfacing and providing adequate drainage for an existing sealed road. In some cases, there are existing buildings or temporary structures within the proposed road reserve area that may require clearance and lead to relocation.

56. **Bridges.** The proposed bridges vary between 7m and 15m in width and carry mainly strategic urban roads or urban sections of national highways. Three of the bridges are entirely new river crossings; one replaces an existing road bridge that is too narrow and in poor repair ; one replaces an existing steel and timber bridge and one replaces a suspension footbridge in extremely poor condition. The longest of these bridges is 420 meters in length. Some bridges will require clearing of buildings and other structures on the bridge approaches. According to preliminary estimates, the construction of the three largest bridges will require relocation of 5 to 20 households each to accommodate access roads.

57. The Program will not support

- bridges that require significant alteration or adversely impact the hydrology or hydro-geology relating to the river;
- new bridges that will require new road alignment or a long approach road for connectivity;
- any new bridge construction that may cause potentially significant and adverse environment or social impacts; and
- any new bridge construction inside protected areas or reserved forests.

58. **Social Infrastructure.** Four cities have included the construction of public facilities such as kindergartens, schools, cultural centers, and the renovation of one market (1,000 m<sup>2</sup>) to improve sanitation and electrical safety in their sub-project lists. During the renovation

process, a temporary market should be established to minimize disruption to the vendors. Thai Nguyen proposes to construct a large kindergarten (300 – 400 pupils) to serve the central area of the city. Dien Bien Phu proposes a number of smaller local facilities including one kindergarten, one elementary school and four community cultural centers.

59. **Resettlement Areas.** Six cities propose to finance the preparation of resettlement areas of 3 to 8 hectares (ha). Works would include the preparation of the areas and provision of basic public infrastructure such as roads, drainage, and lighting. Development of the resettlement areas may require some re-location within the site of households already living in the area. They will be relocated temporarily during the site development and will return when works are completed. The developed resettlement sites will be used for the people affected by the Program.

60. **Drainage and Environmental Improvement.** The proposed works consist of provision or improvement of stormwater drainage channels; construction of masonry embankments to natural streams, and improvements including excavation, embankment improvements; and construction of perimeter roads or tracks to natural lakes which have a drainage function. One sub-project, in Thai Nguyen, will carry wastewater and stormwater and discharge into a wastewater treatment plant which is being constructed.<sup>7</sup>

61. **Low Income Areas (LIAs).** Characteristically, these are residential areas with poor provision of infrastructure, perhaps reflecting a history of informal or piecemeal development, and in which a high proportion of households, though not all, are in the low-income group, including Ethnic Minorities. The proposed activities comprise provision of residential roads, drainage and street lighting to these areas. In many of these areas, upgrading will require widening and re-alignment of streets and this will result in the need to clear or relocate some structures and households.

62. **Other.** The provisional sub-project lists include one sub-project that does not fit into any of the general categories listed above: this is a sub-project in Thai Nguyen for re-routing of overhead electric supply cables through underground cable ducts along main city streets (length 8.8km).

### **Implementation Arrangements**

63. The Program will be implemented through the planning, budgeting and implementation authorities of the City People's Committee. In addition, the Provincial People's Committee has a number of important oversight functions in budget planning and implementation. The Ministry of Finance will be responsible for transferring funds to the cities through the State Treasury system. The MOC will coordinate the Program and will ensure proper use of the funds and financial and physical reporting. MOC will also be responsible for capacity development activities carried out under the Program.

#### **Central Level**

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<sup>7</sup> <http://www.thainguyencity.gov.vn/home/news>, accessed 27 December 2013: The Project total cost is US\$45 million, of which a French Overseas Development Assistance (ODA) loan contributes about 46 percent, the rest is from Vietnamese counterpart funds. <http://tapchicapthoatnuoc.vn/>: the WWTP is expected to become operational by August 2015.

64. At the central level, MOC, through the UDA, coordinates the Program. It is responsible for guiding the participating cities on the planning and selection of infrastructure investments, consolidation of results statistics and engaging the State Audit of Vietnam to verify results and carry out financial audits. The MOC is also responsible for delivering capacity building to participating cities and carrying out required analytical work as well as drafting and submitting an operational strategy to roll out the National Urban Development Program countrywide. The MOC will also monitor the implementation of the agreed Program Action Plan by the cities.

### *Provincial Level*

65. Under the decentralized arrangements of the Government of Vietnam, the provincial authority (represented by the PPC) acts as the Executive Agency. The PPC is responsible for the assignment of the CPC as the owner of the sub-projects, for the review and approval of the city annual plan, the city annual budget, sub-projects' feasibility study and procurement plan. In this process, the Department of Construction (DOC) is responsible for the verification of detailed designs. The PPC is also responsible for land/asset compensation price approval.

66. The implementation of the Program may require actions under the purview of, among others, different provincial authorities. In particular, the Department of Finance (DOF), and the Department of Natural Resources and Environment (DONRE) are responsible for appraisal of the price for land compensation proposed by an independent land evaluator before submitting to the PPC for approval. In addition, DONRE is responsible for EIA appraisal and approval, and post-EIA monitoring of sub-projects listed in Annex II of Decrees no. 29/ND-CP, dated 18 April 2011.

### *City Level*

67. The primary responsibility for infrastructure delivery rests at the city level. The CPC is headed by a Chairman who receives support from a number of line divisions and public service divisions. Among these, the Division of Planning and Finance (DPF) is in charge of developing the annual socio-economic development plan and budget, and a Project Management Unit (PMU) is tasked with managing infrastructure projects under the jurisdiction of the CPC, including the recruitment of consultants (for preparation of feasibility studies and engineering design), contractors, and supervising consultants as necessary for sub-project implementation. It is expected that each PMU will have staff in charge of environmental and social management.

68. As the owner of sub-projects, the CPC of each participating city is responsible for managing, planning, integrating and executing the Program. The CPC coordinates the city-wide annual plan and budget (through the DPF), oversees delivery of results (delegated to the PMU as the sub-projects' implementing agency), and makes any needed adjustments to city Program delivery. The CPC is also responsible for approval of the Compensation, Assistance and Resettlement Plan, based on appraisal of the Division of Natural Resources and Environment and related agencies.

69. The city's Natural Resources and Environmental Division reviews Environmental Protection Commitments and makes a recommendation for their approval. The City's Urban Management Division oversees urban environmental issues including from construction sites

in the city. There is some overlap of urban environmental management functions at the city level between these two agencies.

70. The City Land Clearance and Compensation Council is responsible for preparing the Compensation, Assistance and Resettlement Plan for the Program investment. The City Land Development Center (or City Land Clearance and Compensation Committee) directly implements the approved Compensation, Assistance and Resettlement Plan.

*Independent Verification Agent (IVA)*

71. The IVA's role is to provide independent confirmation of the results reported by the cities. For this task, MOC is expected to engage the State Audit of Vietnam, an agency with demonstrated capacity and independence, as well as an institutional stature within Vietnam that guarantees access without hindrance to any level of government, to undertake the verification role in a timely and efficient manner.

## SECTION 2: PROGRAM ENVIRONMENTAL MANAGEMENT SYSTEM

### Environmental Context

72. **Geography and topography.** The Northern Mountains region is characterized by diverse and complex topographical features such as valleys, high hills, and low to medium height mountains. The topography in the cities, particularly the steep hills and mountains, creates significant engineering challenges for the delivery of infrastructure, particularly investments in electricity, water supply, and roads. Moreover, geotechnical instability presents erosion and landslide risks.

73. **Climate.** The Northern Mountains region has a sub-tropical climate characterized by a cold winter and a hot and humid summer. Due to the complex mixed topography, the provinces are divided into different micro-climate zones. Heavy rains, sometimes accompanied by thunderstorms, cyclones and hail, cause flash floods, landslides, erosion, traffic interruptions, and loss of property and human lives. Thick fog also appears at the beginning of winter. These extreme weather events complicate infrastructure delivery, both the design and construction. The operation and maintenance of infrastructure will also need to be climate resilient. The effect of planned infrastructure on local climatic conditions will need to be carefully assessed so as to minimize adverse impacts to the population, especially to the poor.

74. **Hydrology and Water Resources.** There are a number of streams and rivers passing through the participating cities. Most of the streams are small and short due to the steep topography. Streams usually have very low water levels in the dry season; however, they rise very quickly in the rainy season. Some stream beds have narrowed due to human encroachment.

75. **Air Quality.** Generally, air quality in the participating cities is good. However, the Environmental Status Reports have noted that increasing traffic density is causing degraded air quality with increased concentrations of pollutants (CO, NO<sub>x</sub>, and SO<sub>2</sub>). Construction materials for road and other major works contribute to increased dust levels. Adverse localized air quality degradation from housing construction and urban infrastructure development from rapid urbanization is also a growing concern. Forest fires that have occurred in recent years have also caused negative impacts on air quality.

76. **Biological Resources.** Bac Kan is one of the provinces with the highest biological diversity in Vietnam. Depending on their functions, existing forests are classified into three main types including specialized forests (strictly protected for gene conservation); production forests (to provide raw materials for industries) and protective forests (protect downstream areas from erosion and flooding). There are some nature reserves and national parks in the regions. Biological resources are rich and diverse in undisturbed or specialized forests and in biological protected areas. Other forests have been degraded and are under threat from over-exploitation. Biodiversity has been reduced significantly due to forest fire, land use conversion, mining, and resource overexploitation.

77. **Physical Cultural Resources.** There are a number of historical sites and/or sites with a cultural value in each of the cities (e.g., war memorials, monuments, pagodas, etc.). These sites have been well-protected by local communities and government. No proposed investments will affect any of the known cultural sites.

## Condition of Existing Infrastructure

78. **Roads and Bridges.** Roads in the Northern Mountain provinces are characterized by a high density of bridges and culverts. While some main roads are in good condition, the majority of urban roads are narrow with very small footpaths which do not provide sufficient space for the installation of drainage, lighting and water supply, etc. The roads where rehabilitation works are proposed under the Program are narrow and have been degraded; furthermore, road-side drainage, street lights and footpaths are also degraded or non-existent. There are a number of small bridges in each city, but their capacity and efficiency are limited. Internal roads in some LIAs are still unpaved causing them to be dusty in dry weather and muddy in the wet season.

79. **Waterways.** Located upstream, waterways in the cities are normally narrow and shallow with many waterfalls. Waterway transport is therefore limited, particularly for Hoa Binh which is downstream of the Hoa Binh hydropower station.

80. **Water Supply.** The portion of urban population with access to piped water supply varies among the cities (e.g., 95 percent in Thai Nguyen and 70 percent in Dien Bien Phu, but only 34 percent in Yen Bai). Water supply coverage in core urban areas is high, but is quite limited in fringe areas including in LIAs.

81. **Drainage.** Drainage systems in the participating cities are incomplete, degraded, and do not meet demand. A limited portion of the urban population has been connected to the drainage system (e.g., 15 percent in Yen Bai and 28 percent in Thai Nguyen). Some cities have drainage projects that are currently financed by donors or that are proposed or under construction. In LIAs, drainage systems either do not exist or are incomplete. Most of the drainage channels and streams running through the cities have earthen embankments which are subject to erosion. Streams and detention lakes are narrowed at some sections due to encroachment of illegal housing or disposal of waste into the water. Blockages, water pollution, and bad odors are prevalent in these areas.

82. **Solid Waste Management.** On average, municipal waste generation is 0.5-0.65 kg/person/day and the amount of solid waste generated in each city tends to increase annually. Solid waste collection is carried out by Environmental and Urban Works Companies (and some cooperatives) in each city. Waste is mainly disposed of in uncontrolled open dumps, causing pollution from odor and leachate in surrounding areas. Solid waste collection service is limited; mainly covering the core urban areas. Served areas cover 52 percent in Yen Bai, 70 percent in Dien Bien Phu, 70 percent in Bac Kan, 80 percent in Tuyen Quang and 75 percent in Thai Nguyen. Solid waste collection services have not reached LIAs, environmental awareness of local communities is limited, and uncontrolled dumping is common. Some waste is thrown into water bodies and drains causing pollution and inundation in the rainy season.

## Potential Environmental Effects

### *Environmental Benefits*

83. An estimated 757,000 people living in the participating cities will directly benefit from improved infrastructure services and, indirectly over a period of time, from improved

local planning, implementation and financing capacity that will enable participating cities to scale-up the delivery of urban infrastructure. Direct benefits will also accrue to residents of surrounding rural areas who will utilize improved infrastructure and services when accessing commercial, administrative and social services in these cities.

84. The sub-project investments under the Program are anticipated to have positive environmental impacts through reduced traffic congestion and improved stormwater drainage. It is anticipated that the rehabilitation roads and construction of bridges will result in reduced travel time and traffic congestion, as well as more efficient vehicle operation. This combination will have a positive impact on air quality *vis à vis* a “do nothing” scenario.

85. Drainage works will channel stormwater run-off to appropriate conduits, resulting in flood protection and reduced infiltration of pollutants into streams or groundwater. In the case of Thai Nguyen, the drainage works will carry waste water, as well as stormwater, and discharge into a wastewater treatment plant. This will have a positive impact of the quality of water bodies from which wastewater is being diverted.

### ***Potential Adverse Environmental Impacts***

86. The anticipated adverse environmental effects of this Program are not expected to be significant considering: (a) that the majority of proposed works are on existing structures where the incremental effects are likely to be small; (b) the limited geographic footprint of planned works; (c) the nature of works which focus to a large extent on rehabilitation, repair and maintenance; and (d) mitigation measures are known and effective provided proper care and oversight is undertaken during construction. Program activities are unlikely to encroach upon or degrade sensitive habitats because the Program excludes any sub-projects located in sensitive areas of biodiversity such as protected national park areas. A summary of potential adverse environmental impacts by types of sub-project is included in Table 9.

87. ***Construction phase impacts.*** Temporary adverse environmental impacts are expected to result from the construction activities and may potentially include: noise, dust, vibration, fumes from asphaltting and transportation of materials; disruption to traffic and access to roadside activities; interruption of local household businesses and utility services; and potential contamination of soil and water from inappropriate disposal of waste materials and through fuelling equipment. These potential impacts are reversible or manageable through proper construction practices. Field observations have shown that management of the waste from construction activities is commonly poor.

88. ***Impacts related to raw materials exploitation.*** Raw materials such as soil, sand, gravel, rocks and stones will need to be used for road and bridge construction. The main socio-environmental concerns in pits and quarries are: (a) safety of workers; (b) increased erosion risks at slopes created by excavation/explosion activities; and (c) visual impacts on the landscape. In existing mines and quarries, environmental and safety compliance are managed through licenses issued by DONRE/MONRE. Inspections are periodically carried out by DONRE for environmental aspects and the Department of Labor, Invalids and Social Affairs (DOLISA) for health and safety aspects. Therefore, requiring contractors to submit copies of licenses for mines/borrow pits and quarries would be adequate to keep environmental, health, and safety issues under control.

89. **Impacts to sensitive cultural sites.** Investments under the RBNUDP-NM will be carried out in urban settings. Land acquisition in any culturally sensitive area such as physical cultural sites will be avoided. Some pagodas may be exposed to construction impacts; the level of impacts is expected to be limited and can be mitigated through proper construction practices.

90. **Impacts to sensitive natural habitat sites.** In some provinces such as Bac Kan and Yen Bai, there are protected areas with high biological value in the rural districts surrounding the cities. The construction or upgrading of urban infrastructure, particularly roads and drainage systems, will not cause any negative impacts to these protected areas as they are distant from the cities, and no materials used for construction would be sourced from these protected areas. In addition, there are not expected to be any impacts on other critical natural habitats.

91. **Occupational health and safety.** Occupational health and safety issues are typical **concerns** for sub-projects under the Program; measures to avoid/reduce worker accidents and injury should be taken, including through awareness raising activities. Lack of management of wastewater and indiscriminate discharge into public areas could be a cause for concern at some sites.

**Table 9: Summary of Potential Adverse Environmental Impacts by Types of Sub-Project**

Type of Investment	Potential Adverse Impacts	
	Construction phase	Operation phase
<b>All investments</b>	<ul style="list-style-type: none"> <li>• Affect livelihood due to land acquisition</li> <li>• Loss of trees, vegetation clearance due to site clearance</li> <li>• Dust, noise, vibration from construction activities</li> <li>• Water and soil pollution related to waste and wastewater generation</li> <li>• Social disturbance, particularly to ethnic minority groups, related to mobilization of workers to the sites</li> <li>• Safety risks to workers and public at construction sites related to transportation, operation of construction plant, electricity usage, fuel storages etc.</li> </ul>	
<b>Roads construction</b> urban roads, bridge access roads, lighting, drainage	<ul style="list-style-type: none"> <li>• Cracks/damage to weak roadside structures related to compaction</li> <li>• Erosion at cuts and slopes created, including at borrow pits and quarries</li> <li>• Localized flooding from materials loading</li> <li>• Disturbance to farming/gardening production activities at road side land</li> <li>• Negative impacts on landscape, localized flooding at borrow pits and quarries</li> <li>• Social disturbance: daily lives and business are affected/disrupted, accessibility to roadside</li> </ul>	<ul style="list-style-type: none"> <li>• Increased localized dust and noise level</li> <li>• Traffic accident risks</li> <li>• Accessibility to main road from roadside houses may be reduced if road surface is significantly different from existing ground elevation</li> </ul>



Type of Investment	Potential Adverse Impacts	
	Construction phase	Operation phase
	<ul style="list-style-type: none"> <li>building interrupted</li> <li>• Smoke from bitumen heating</li> </ul>	
<b>Roads rehabilitation</b>	<ul style="list-style-type: none"> <li>• Social disturbance: daily lives and business are affected/disrupted, accessibility to roadside building interrupted</li> <li>• Disruption to existing public services such as water supply, drainage</li> <li>• Smoke from bitumen heating</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce roads safety risks</li> </ul>
<b>Bridge construction</b>	<ul style="list-style-type: none"> <li>• River/stream pollution due to construction wastes and materials</li> <li>• Disturbance to aquatic life</li> <li>• Disturbance to waterway traffic</li> <li>• Disturbance to fishing activities</li> <li>• High level of noise from pile driving</li> <li>• Smoke from bitumen heating</li> <li>• High safety risk during flood discharge from hydropower upstream Hoa Binh</li> </ul>	<ul style="list-style-type: none"> <li>• Changes in landscape</li> <li>• Erosion risks discharge points and slopes created</li> <li>• Increased localized level of dust, noise and vibration</li> <li>• Accessibility of waterway traffic means on river</li> <li>• Further appropriate mitigation measures will be detailed in the POM</li> </ul>
<b>Bridge rehabilitation</b>	<ul style="list-style-type: none"> <li>• Disruption to existing access on road way</li> <li>• Disruption to water way transport</li> <li>• River/stream water pollution</li> <li>• High level of noise and vibration from piling</li> </ul>	
<b>Drainage channels, detention reservoirs</b>	<ul style="list-style-type: none"> <li>• Odor from dredged materials</li> <li>• Visual impacts, localized flooding related to temporary loading of dredged materials</li> </ul>	<ul style="list-style-type: none"> <li>• Improved landscape</li> <li>• Less mosquito and water-borne diseases; insects and vermin</li> </ul>
<b>Construction of infrastructure in resettlement areas</b>		<ul style="list-style-type: none"> <li>• Waste and wastewater generation</li> </ul>
<b>Underground channels</b>	<ul style="list-style-type: none"> <li>• Disruption to existing services such as power supply, water supply and cables</li> </ul>	
<b>Infrastructure in LIAs</b>	<ul style="list-style-type: none"> <li>• Disruption of accessibility to houses</li> <li>• Disruption of existing drains, water supply, power supply</li> </ul>	

## Environmental Management Systems

### *Institutional Responsibilities*

#### *Central Level*

92. The Ministry of Natural Resources and Environment is the environmental management authority at the central level in Vietnam. As part of its management function, MONRE appraises and approves environmental reports and carries out post-EIA monitoring.

93. According to the Law on Environmental Protection (LEP, 2005), the sectoral ministries are responsible for the environmental management of activities within their sectors. Under the RBNUDP-NM, while the preparation of investments are the responsibilities of city PMUs, the operation of the facilities provided will be managed by the relevant provincial/city/town departments such as Transport (DOT), Construction (DOC), Education (DOE), etc.

94. Regarding occupational health and safety, agencies from various levels of the Ministry of Labor, War Invalids and Social provide guidance and carry out periodical inspections.

95. Management of cultural resources is the responsibility of the Ministry of Culture, Sports and Tourism (MOST).

#### *Province Level*

96. The Departments of Natural Resources and Environment are the provincial **environmental** management agencies. DONREs are responsible for environmental management, land acquisition and compensation, mineral resources management, hydrometeorology, and mapping. DONREs support the PPCs on environmental management in accordance with the Law on Environmental Protection (LEP) and related laws and regulations. DONREs are technically managed and supported by MONRE.

97. The key environmental administration roles of DONREs relevant to RBNUDP-NM are:

- (a) provide technical guidance to relevant entities in the province regarding environmental management;
- (b) appraise and approve EIAs in accordance with the regulations specified in Annexes II and III of Decree no. 29/2011/ND-CP and guide the implementation of Environmental Management Plans (EMPs);
- (c) conduct periodical assessment of environmental status in the province, identify the areas being polluted and prepare the lists of main polluters, inspect the implementation of corrective measures;
- (d) coordinate the implementation of corrective actions in case there are large scale failures, extend or withdraw licenses on water resource usage and discharge;
- (e) issue mining and waste disposal licenses, monitor and inspect mining activities;
- (f) coordinate the implementation of environmental protection and improvement projects; and
- (g) carry out communication campaigns on environmental awareness.

98. Under the DONREs, there are three sub-departments including the Department of Environmental Protection (DEP), the Center for Environmental Monitoring and Analysis (CEMA) and the Environmental Fund (EF). DEP plays an environmental management role, CEMA is responsible for environmental quality monitoring, and EF covers environmental investments. The EIA appraisal and post-EIA monitoring functions rest with the DEP.

99. The size and capacity of the DONREs are uneven among the seven cities. The number of staff in the DONRE varies from around 20 (Hoa Binh, Yen Bai, Tuyen Quang) to 83 (Bac Kan) and 90 (Thai Nguyen). EIA appraisal units typically have 5 to 8 staff. Although CEMAs have been established in all provinces, those in Bac Kan, Hoa Binh and Yen Bai are not yet operational due to the lack of monitoring and/or laboratory equipment. According to most DONRE managers, the workload is high but the staff are not overloaded.

100. At the province level, the Department of Culture, Sports and Tourism is the authority for state management of culture including physical cultural resources.

### *City Level*

101. At the city level, there is an Environmental Division responsible for environmental management. There are two to five staff in each Environmental Division, and their key functions relevant to RBNUDP-NM include:

- (a) verifying and certifying Environmental Protection Commitments of projects and monitoring implementation;
- (b) collecting and managing water quality and environmental data in the city;
- (c) carrying out inspections and facilitating the process of addressing environmental complaints;
- (d) carrying out environmental awareness raising activities; and
- (e) providing environmental technical guidance to environmental officers at commune and ward levels.

102. In each city, the City Urban Management Division under the CPC administers four main areas ***including*** urban traffic safety, construction, land use, and environmental sanitation and urban management. During the construction phase, some of the environmental and safety issues at construction sites will also be overseen by this Division, such as: inspecting, reminding and taking actions, as regulated by law on violations in traffic safety, construction licenses, and disturbance to the ground and landscape without permissions.

### ***Legal and Regulatory Framework Applicable to Program***

103. The Law on Environmental Protection provides the overall and fundamental legal framework for environmental regulation in Vietnam. The LEP regulates environmental protection activities, policies, measures and resources for protection of the environment; general powers of the central and local governments with respect to the protection of the environment; and the rights and obligations of organizations, family households and individuals with respect to protection of the environment. The LEP provides the central Government with the authority to set standards for emissions or discharges of environmental pollutants as defined in the Law.

104. The LEP stipulates environmental assessment policies and procedures that include: the requirements for public participation; consideration of environmental management and monitoring actions; clear roles of Government agencies in Environmental Impact Assessment enforcement and monitoring; a prescriptive approach to screening/scoping of EIA documents; clear requirements for smaller projects not subject to a full EIA process; the roles of Government agencies in EIA review and appraisal; and transfer of responsibility to provinces and sector ministries for EIA approval. The LEP is currently under revision, and includes efforts to strengthen EIA monitoring and enforcement.

105. ***Environmental Impact Assessments.*** The Constitution (Articles 29 and 31) and various laws, including the LEP, provide for avoidance, minimization and mitigation of adverse impacts; promotion of environmental sustainability; and promotion of informed decision making in environmental protection. Under the LEP, an EIA is mandatory for projects that may have large scale adverse impacts (Article 18, LEP) and an Environmental Protection Commitment is required for projects with more limited impacts such as household based production, business or service establishments and entities not defined in Articles 14 and 18 of the LEP.<sup>8</sup>

106. The environmental assessment regulations and procedures are supplemented by various Decrees and Circulars including:

- (a) Decree 80/2006/ND-CP, which establishes the timing of environmental assessments in the project planning cycle; defines the level of environmental assessment for various projects; and establishes requirements for appraisal of environmental assessment documents by the Government;
- (b) Decree 21/2008/ND-CP, which provides clarification of a number of issues in Decree 80 relating to screening of projects requiring EIAs, establishment of EIA appraisal committees and consultation requirements;
- (c) Decree 29/2011/ND-CP (Decree 29/2011), which provides detailed regulations for the scope and planning process for the preparation, appraisal, approval, and implementation of environmental assessment instruments; and
- (d) Circular 26/2011/TT-BTNMT (Circular 26/2011), which prescribes the required structure and content of the environmental safeguards documents.

107. As required by the LEP, project owners prepare an EIA or EPC and submit it to the environmental management authority at the appropriate level for review and approval before the project is implemented. Annex II of the Decree no. 29/2011/ND-CP provides the lists of projects and programs requiring approval. Annex III of Decree 29 also specifies the types of projects that require EIA be appraised by MONRE, including:

- (a) projects using part of an environmentally sensitive area such as a national park, nature reserve, cultural heritage site, protected landscape, or biosphere;
- (b) projects that will lead to conversion of watershed protection forests, wind/wave protection forests;
- (c) projects for which the investment decision is made by the National Assembly and some types of industrial projects; and
- (d) projects that cover two or more provinces (e.g., one road running through two provinces).

108. Project EIAs not requiring appraisal by MONRE are reviewed and appraised by DONRE. EIAs listed in Annex III of Decree no. 19 will be appraised and approved by MONRE. Those not listed in Annex III will be subjected to DONRE's review and approval. For projects with features under the thresholds specified in Annex II, EPCs are required. The EPC is reviewed by the city's Environmental Division and approved by the CPC.

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<sup>8</sup> Note that there is no equivalence between the GoV criteria for projects requiring an EIA and the definition of Category A projects under World Bank Operational Policy 4.01.

### *Environmental Review of RBNUDP-NM Sub-Projects*

109. All proposed Program infrastructure investments have *reduced or delegated environmental* review requirements under Vietnam's regulatory framework. As detailed in Table 10 below, some of the infrastructure sub-projects are required to prepare EIAs, all of which will qualify for delegated review and appraisal by the provincial level agency—DONRE. Small scale sub-projects are only required to prepare EPCs for review by the city level Environmental Division and approval is provided by the CPC.

**Table 10: EIA/EPC Requirements by Type of Proposed Investment**

Type of investment	Proposed investments	Review Required	
		EIA (DONRE)	EPC (CPC)
<b>Road</b>	Rehabilitation of roads grades I to III	X	
	Rehabilitation of roads grades IV to V, l<100 km		X
<b>Bridges</b>	Construction of new bridge L $\geq$ 200 m excluding access road	X	
	Construction of new bridge L<200 m excluding access road		X
	Rehabilitation of existing bridge L<200 M	X	
<b>Social Infrastructure</b>	Kindergartens, Market, etc.		X
<b>Drainage</b>	Rehabilitation (dredging, embankment lining) of drainage channels L $\geq$ 5 km or reservoirs, rivers and streams with area $\geq$ 1 ha	X	
	Rehabilitation, dredging drainage channels,	X	
	Lining embankment of drains, L<5 km		X
	Rehabilitation, dredging of drains, L<5 km		X
<b>LIAs</b>	Improve existing infrastructure (footpath, drains, water supply etc.)		X
<b>Channel</b>	Underground technical infrastructure		X
<b>Resettlement Areas</b>	Projects requiring relocation >300 households ( <i>EIA is required for project, not only the Resettlement area</i> )	X	
	Construction of infrastructure for resettlement area $\geq$ 5 ha	X	
	Construction of infrastructure for resettlement area <5 ha		X

110. Gaps in environmental assessment requirements between Vietnamese legislation and donor requirements have been identified by comprehensive World Bank (WB) and Asian

Development Bank (ADB) studies carried out in 2007.<sup>9</sup> Many of these gaps, particularly the scope of environmental assessments, the content of environmental management plans and consultation requirements have been addressed in Decree 29/2011/ND-CP dated 18 April 2011 and Circular no 26/TT-BTNMT issued in July 2011 (supported and commented on by both WB and ADB). A review to compare key environmental World Bank safeguards policies and Vietnamese regulations can be found in Annex 3. Some other weaknesses, such as environmental management frameworks for projects in which the locations of sub-projects are unidentified at project preparation can only be addressed once the Environmental Law is revised.

111. In relation to timing for environmental assessment reports, Article 13 of Decree 29 requires that EIA reports be prepared in parallel with the preparation and submission of feasibility reports. The submission of EIA reports for appraisal is required before project owners apply for a construction license. Feasibility Study reports with a chapter on environmental considerations limited to impact screening and preliminary mitigation planning would be acceptable to the appraisal authority, thus there is no incentive for EIA activities to be carried out adequately at this stage and for meaningful environmental considerations to be incorporated into technical proposals in a timely manner.

#### *EIA and EPC Process*

112. The project owner submits the EIA reports to the DONRE office. Within 30-45 days from receipt of full eligible EIA documentation, DONRE will appraise reports through an Appraisal Committee chaired by the DONRE Director. Depending on the nature of the proposed sub-projects, representatives from relevant provincial departments will also be invited to participate in the Appraisal Committee or to review the EIA reports.

113. Although it is likely that no sub-project under the RBNUDP-NM would be required to prepare an EIA that is subjected to MONRE review and approval, in practice, technical assistance from MONRE and other institutions at the central level will be made available to assist provincial EIA appraisal committees in appraising relatively complicated projects or when there are gaps in expertise.

114. The results of appraisal can lead to: (a) revision of the EIA report based on the comments received from the appraisal committee; or (b) required revision of the project proposal because the EIA report is not approved.

115. In some larger cities like Thai Nguyen, provincial consultants are hired to prepare feasibility studies and environmental reports for some sub-projects. In other cities and for larger investments, consultants from Hanoi are recruited to assist PMUs to prepare sub-projects. Since the environmental expertise of consultants varies, the quality of the Terms of Reference for the EIA and the role of the PMU in contract management and coordination are critical to the preparation of proper environmental assessment reports.

#### *Post EIA Implementation and Monitoring*

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<sup>9</sup> *Harmonization of EIA for the Hanoi Core Statement on Aid Effectiveness, 2007*. The study has been updated in 2009-2011 with three main activities: assist the Government of Vietnam to revise Decree 08/2006/ND-CP on EIA, develop EIA guidelines, and EIA capacity development. Decree 29/2011/ND-CP and Circular 26/2011/TT-BTNMT were developed as part of this study supported by WB/ADB in collaboration with GOV/Ministry of Planning and Investment (MPI)/MONRE.

116. As stipulated in Article no. 24 of Decree no.29, DONRE only inspects investment projects during preparation and construction phases when it is necessary. Similarly, projects which require EPC review by the city's Environmental Division are only inspected by Environmental Officers when issues arise. DONRE prepares annual plans for inspections, primarily focusing on big polluters such as industrial enterprises. Normally, EIAs specify reporting requirements during construction and operation phases, however, preparation and submission of environmental reports during the construction phase is dependent on the project owner's own willingness and arrangements for compliance. There is a need to focus capacity building on supporting improvements in construction contracts and contractor monitoring for environmental compliance.

117. In each city, the Urban Management Division under the CPC administers four main areas including urban traffic safety, construction, land use and environmental sanitation and urban management. Ensuring compliance with EIA/EMP obligations during the construction phase is primarily the responsibility of the CPC represented by the PMU. In the project cycle, the PMU has to comply with environmental management requirements at the stages shown in Table 11 below.

**Table 11: PMU Environmental Management Requirements**

<b>Project Phase</b>	<b>Environmental Management Activity</b>	<b>Responsibility</b>
Feasibility study	<ul style="list-style-type: none"> <li>EIA be prepared</li> <li>Decree 29 guiding the implementation of the Environmental Law</li> </ul>	Feasibility Study consultant
Bidding documents	<ul style="list-style-type: none"> <li>Environmental clauses included in Bidding documents</li> <li>Article 25 of the Law on bidding refers to bid evaluation criteria for shopping contracts which includes environmental impacts and mitigation measures,</li> <li>Article 33 applicable to civil works contracts: bid evaluation based on environmental sanitation commitments, fire prevention and protection and occupational safety</li> <li>Incorporation of mitigation measures into engineering design depends on environmental capability of the ED consultants and PMU's control</li> </ul>	Engineering design consultants
Construction Supervision Team	<ul style="list-style-type: none"> <li>Have some knowledge on environment and safety, but need to be trained and monitored closely by PMU</li> </ul>	Independent consultant needed
Contractors	<ul style="list-style-type: none"> <li>Responsible for complying with environmental obligations of contracts</li> <li>Generally awareness is low, workers are familiar with small job size and do not have the habit of following work safety rules</li> </ul>	

Benefited / Affected communities	<ul style="list-style-type: none"> <li>• Play active roles in monitoring contractors' performance, including environmental compliance</li> </ul>	
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### *Review of other Relevant Laws and Decrees*

118. **The Law on Natural Disaster Preparedness and Response** promulgated in June 2013 establishes fundamental principles relating to disaster preparedness and response which include proactive prevention and timely response as well as prompt and efficient recovery. Article 4 specifies that disaster preparedness and response should combine construction and non-construction solutions; environment and ecosystem protection, and climate change adaptation.

119. Article 19 specifies disaster prevention requirements for urban/rural residential areas and technical infrastructure works. Investors are required to ensure disaster prevention requirements are incorporated into proposed project preparation, including: (a) not to cause increase disaster risks, restrict to a minimum the risk of disasters, and ensure the stability of the building in case of disaster; and (b) comply with the provisions of the law on environmental protection, construction and urban planning. This article also requires the competent authority perform a project assessment to ensure that proposed projects meet disaster prevention requirements.

120. With participating cities located in a mountainous region subjected to annual disasters such as flash flooding, erosion and landslides, it is very important that these guiding principles be strictly followed during the planning and implementation of the proposed Program.

121. **The revised Law on Water Resources** was promulgated in 2012 replacing some articles of the old Water Resources Law issued in 1992. While this Law is more focused on water resource planning, management and the effective use of water resources, there are some articles closely related to the EA process as described below:

- **Article 9** provides a list of the prohibited activities that would cause pollution/degradation of water resources of various types. Particularly, this article specifies that discharge of both untreated domestic wastewater (or treated waste water that does not meet the standard) into water sources is prohibited. **Article 27** states that entities that may cause water pollution are required to prepare and implement plans to prevent, minimize and clean up pollution. Under the Program, small amounts of wastewater generated from construction sites should be managed through ECOPs and Workers' Codes of Conducts to be included in bidding documents and construction contracts.
- **Article 5** regulates that ministerial agencies including the People's Committees at various levels have the responsibility to coordinate with the mass media and educational organizations to conduct training and communication activities to raise awareness and promote the participation of people in the protection of water resources and the effective usage of water etc. During the consultations with DONREs and provincial mass organizations such as Women's Unions and the Father Front etc., it was confirmed that environmental communication campaigns that include water-related topics have been conducted regularly in all participating provinces. This



would be an advantage for promoting community participation in environmental monitoring of the Program as a certain level of awareness already exists.

- **Article 44** provides the list of cases where a license for exploitation and usage of water resources is not required, including small scale exploitation and usage of water sources. As water use for construction activities under the Program will be at very small scale, no license will be required.

122. **Decree No. 59/2007/ND-CP dated April 09, 2007 of the Government on Solid Waste Management.** The first three principles stated in Article 4 of this Decree will be applicable under the Program. These are: (a) organizations and individuals that discharge solid waste or are engaged in activities that generate solid waste shall pay charges for the collection, transportation and disposal of solid waste; (b) waste shall be separated at source of generation and then recycled, reused and processed to have its useful constituents recovered for use as input materials and to generate energy; and (c) application of technologies for the processing of hard-to-decompose solid waste shall be prioritized, which may help reduce the volume of waste to be buried, so as to save land used for this purpose;

123. The Program should also follow the requirements detailed in some items of Article 24: “on the main streets, in business centers and in public and residential areas, facilities for storage of solid wastes must be arranged” (item 3); and “the volumes of waste bins within a building must suit detention time.” Bins placed in public places must meet technical and aesthetical requirements (item 4); and “solid waste must not be kept on-site for more than two days” (item 5).

## **Environmental Management Capacity of the Program**

### ***Institutional Capacity***

124. All DONREs have prior experience in appraising EIAs. For example, during 2006-2009, Bac Kan DONRE appraised 21 investment projects and participated in the appraisal committee of two projects for which EIAs were subjected to appraisal by MONRE. During 2009 and the first six months of 2010, Bac Kan DONRE appraised EIAs for 32 investment projects. For Yen Bai, from 2006-2009, DONRE appraised EIAs for 52 investments projects and district Environmental Divisions appraised EPCs for 267 projects. From 2006 to date, Thai Nguyen DONRE appraised more than 150 EIAs.

125. The number of environmental officers is inadequate and the staff is overloaded. Some provincial departments do not have a distinct Environmental Division, and environmental management responsibilities are not carried out. Environmental staff appointed at the city level have inadequate/weak capacity, and do not meet the requirements set out in Decree 81/2007/ND-CP dated 23 May 2007, which requires that each Environmental Division is staffed with one to two officers. This lack of capacity leads to institutional unsustainability.

126. Project owners and consultants have some experience with EIAs and the integration of mitigation measures into projects, however, this capacity should be enhanced under the Program. The common practice is for the feasibility study or engineering design consultants to prepare the EIA. In some cases, an independent environmental consultant is hired to prepare the report. Under the first scenario, the consultant is usually strong technically but there are gaps in their environmental assessment capacity. Under the second scenario, the lack of coordination and/or cooperation between the two teams may lead to technical

constraints in the quality of the reports. Nevertheless, the role of the PMUs in monitoring and coordinating the consultant's activities is very important for the sustainability of sub-projects.

127. In practice, post-EIA monitoring is weak in the country in general and in the seven participating cities in particular. Environmental authorities normally only carry out inspections of infrastructure projects when concerns are raised or complaints are received. The contractor's environmental compliance, including health and safety issues, depends on the contractor's awareness and capacity, and enforcement by the monitors/supervisors such as PMU/construction supervision/community.

128. Unless specifically specified in their contracts, the role of construction supervisors in monitoring environmental compliance of contractors is limited. In many cases, communities engaged by PMU have actively monitored the contractors and enforced contractor's environmental performance.

129. **Communities.** Environmental awareness campaigns have been conducted by DONRE and relevant organizations such as women's unions to raise community environmental awareness. Environmental protection has been integrated into city specific rules. Communities have been actively engaged in monitoring contractor's performance, including environmental performance of construction projects.

130. ***There are weaknesses in the existing environmental management system.*** Existing regulations only require the feasibility study report to include a section on environmental issues and submission of EIA reports for appraisal to relevant authorities, and are not compulsory until the project owner applies for the construction license, i.e. when the feasibility study and engineering design have already been completed. This poses the risk that the engineering team is not fully aware or informed of potential environmental impacts and risks, and that mitigation measures and costs are not incorporated properly into feasibility study and engineering designs.

131. In general, the existing environmental law, related decrees and legal documents, institutional arrangements, capacity and performance of the Program cities are adequate in relation to the environmental principles of OP 9.00 although the following weaknesses have been identified:

- (a) Environmental screening for project design is weak and can be addressed by engaging a qualified environmental specialist to review the TORs for feasibility study and environmental assessment preparation. The PMU will coordinate to ensure appropriate timing of EIA preparation.
- (b) The roles of construction supervisors in monitoring environmental compliance of contractors should be specifically stated in their contracts to ensure that potential adverse environmental impacts are avoided or minimized during the construction phase. Community monitoring could also be used to enhance contractor environmental performance.
- (c) Capacity for the preparation of EIAs and integration of mitigation measures into project design should be enhanced. Institutional strengthening with Environmental Officers staffed at PMUs and training provided by the Program would help to ensure that environmental issues are adequately considered in EIA reports and addressed properly through various phases of project implementation including engineering design, cost estimation, bidding and construction.

- (d) Resources from DONREs should be mobilized to support a capacity building program under the RBNUDP-NM.

### **Mitigation Measures to Reduce Environmental Impacts and Risks**

132. **Mitigation** measures are readily available for mitigating the potential negative impacts and risks presented in the Environmental Codes of Practice in Annex 2. Inclusion of environmental requirements into bidding documents and construction contracts is compulsory under the Bidding Law of Vietnam. For some sub-project specific impacts, mitigation measures would be addressed effectively through design solutions as listed in Table 12 below.

**Table 12: Specific Impacts by Type of Investments and Proposed Mitigation Measures**

<b>Specific Impacts</b>	<b>Proposed Mitigation Measures</b>
Accessibility of roadside houses and of boats on waterway traffic	<ul style="list-style-type: none"> <li>• Engineering design to ensure smooth connectivity, collection road would also be considered</li> <li>• Bridge design includes space for boat clearance</li> </ul>
Erosion risks	<ul style="list-style-type: none"> <li>• Ensure vertical drains and drains at foot of slopes are designed for slopes</li> <li>• Include energy dispersion structures in channels running on slopes</li> <li>• Protect discharge points with proper design of discharge water column and lining of outfalls</li> </ul>
Cracks/damages to weak roadside structures related to compaction during construction and vibration during operation phase	<ul style="list-style-type: none"> <li>• Land acquisition should consider to include these buildings</li> <li>• Contractors use static compactors rather than vibrating compactors</li> </ul>
Environmental impacts and safety risks at borrow pits and quarries	<ul style="list-style-type: none"> <li>• Contractors must submit a copy of the supplier's license. With operating quarries, license must also include environmental and safety obligations, monitored by DONRE and DOLISA</li> </ul>
Disruption to existing public services such as water supply, drainage	<ul style="list-style-type: none"> <li>• Inform affected community in advance</li> <li>• PMU coordinated with related provincial departments to minimize the duration of disruption</li> </ul>

### **Conclusions**

133. Institutionally, the environmental management function is fully established from central to city level and is ready to manage the environmental aspects in the RBNUDP-NM. DONRE will be the key environmental authority responsible for reviewing EIAs of sub-projects under the Program, and for smaller investments the EPCs will be reviewed by the Environmental Divisions at city level. The implementation of the EIAs/EMP will be the responsibility of the PMUs.

134. **However**, shortcomings in the performance of environmental management system have been identified, including weaknesses in environmental screening and assessment, weaknesses in post-EIA monitoring and supervision practices, and challenges in ensuring environmental compliance during the construction phase including contractor performance. There is also a need to ensure that infrastructure sub-project design, construction, operation and maintenance is resilient to key aspects of climate change that are relevant to the area.

135. Given the proposed type and scale of investments under the Program, its geographic focus, and previous experience with similar sub-projects in the participating provinces and cities, the overall environmental management risk is considered *Substantial*.

136. From the environmental management perspective, this analysis identified several important measures for the authorities to undertake. These include: (a) building environmental management capacity; (b) clarifying roles and responsibilities of DONRE, city, provincial authorities; (c) improving environmental screening and assessment process; (d) improving post-EIA environmental monitoring and supervision; and (e) promoting community participation in sub-project design and construction monitoring. At a broad level, it is critical for the government to carefully consider environmental risks when appraising larger infrastructure sub-projects in order to mitigate potential reputational risks. Details of these proposed measures, as well as indicative timeline and responsibilities are in Section 4.

## SECTION 3: SOCIAL MANAGEMENT SYSTEM

### Social Context

137. Like many developing countries, Vietnam is experiencing massive rural to urban migration due to population pressure and lack of resources in rural areas. People living in rural areas are drawn to the city where they often believe that the standard of living will be much better. The Northern Mountains region is considered the least developed area in Vietnam, characterized by an isolated geographical situation, high presence of ethnic minority community, and underdeveloped infrastructure.

138. The Vietnam Living Standard Survey (Table 13) indicates that although significant achievement has been made in recent years, the region's poverty rate remains significantly higher than the national average. Poverty is highest in the Dien Bien province (50.8 percent), followed by Cao Bang (38.1 percent), Bac Kan (32.1 percent), and Hoa Binh (30.8 percent). It is important to note that poverty rates in 2010 are higher than the previous years because the data was calculated based on the Government's increased poverty line for the 2011-2015 period. Poverty rates in the cities are much lower than that of the rural areas of the provinces. It is worth noting that the Northern Mountains Region in general has the highest percentage of the poorest sections of the Vietnamese population. Ethnic Minorities are also present across the region.

**Table 13: Poverty Rates in Program Provinces (% of population)**

Province	2006	2008	2010 <sup>10</sup>
Thai Nguyen	18.6	16.5	19.0
Bac Kan	39.2	36.8	32.1
Dien Bien	42.9	39.3	50.8
Cao Bang	38.0	35.6	38.1
Tuyen Quang	22.4	20.6	28.8
Yen Bai	22.1	20.4	26.5
Hoa Binh	32.5	28.6	30.8
Northern Mountain Region	39.4	35.9	39.9
Country	15.5	13.4	14.2

1. **Ethnic Minorities.** The Program will be implemented in cities with significant integrated ethnic minority populations (Table 14 below), including the Tay, Muong, Nung, Mong, Dao and San Chay communities. The Program may require a differentiated approach to dealing with Ethnic Minorities depending on the context of the relative vulnerability of that ethnic group in the Program area.

**Table 1: Ethnic Minority Population in Program Cities**

City	Total Population	EM Population	%
Thai Nguyen	330,707	21,165	6.4
Bac Kan	39,444	22,665	57.46
Tuyen Quang	92,409	13,184	14.27

<sup>10</sup> Using Government poverty line for period 2011-2015: 400 thousand dong per capita per month for the rural area and 500 thousand dong per capita per month for the urban area.

City	Total Population	EM Population	%
Yen Bai	95,871	2,613	2.73
Hoa Binh	93,717	29,692	31.68
Dien Bien Phu	75,559	12,887	25.26
Cao Bang	84,421	62,199	73.67

139. While ethnic minority groups do comprise a significant proportion of the total **beneficiary** group, it is worth noting that in many of the targeted cities, the ethnic groups are urbanized and integrated into the urban mainstream way of life. Hence, although under National law they are still recognized as Ethnic Minorities, they do not require any special policies or procedures in the context of development projects. Their urbanized living over the years, as well as their significant numbers in some of the urban cities has reduced their relative vulnerability and cultural distinctiveness relative to the dominant Kinh community.

140. The above approach is relevant in this Program. In Cao Bang and Bac Kan, ethnic minority groups account for the majority and in the Tay community they outnumber the Kinh. The percentage of ethnic minority people in the total population is relatively high in Cao Bang (73.67 percent, where the Tay ethnic group alone makes up 52.9 percent), Bac Kan (57.46 percent with Tay people accounting for 49.5 percent of the city population), and Hoa Binh (31.68 percent with Muong people making up 30 percent of the city population).

141. According to the consultations conducted in the cities, almost all of the Ethnic Minorities in the urban areas are fully integrated into the mainstream of society and there are no cultural and language barriers that render any ethnic group vulnerable as compared to other groups. While these groups are recognized as Ethnic Minorities in Vietnam, they don't have a separate political structure and share the same institutional arrangements as the dominant Kinh people. While every ethnic group has their own language, the Vietnamese language has become a common language for all of them and many young people cannot even speak their own language. In many areas they live in a mixed pattern with other ethnic and dominant groups. Though some ethnic groups still keep some specific cultural characteristics like traditional beliefs, ancestor/saints/deities worship or observing traditional festivals, these have become events which all groups living together celebrate. *In summary, these ethnic minority people don't meet the Bank's definition of Indigenous People/Ethnic Minority people, though they are recognized as Ethnic Minorities in Vietnam.*

142. At the same time, in some cities, especially in suburban areas, there are locations where Ethnic Minorities live as a community, keeping some of their traditional culture and speaking their own language. For example, there are five villages in Bac Kan where 90-100 percent of population are Dao ethnic group (Na Pai village in Huyen Tung commune, Ban Bung 1 and Ban Bung 2 villages in Duong Quang commune, Tan Thanh village in Nong Thuong commune and Tan Cu village in Duong Quang commune); and two villages in Dien Bien Phu in which Thai people are concentrated (Huoi Pha village, Ta Leng commune and Nong Chun village, Nam Thanh ward). These ethnic minority communities can be treated as Ethnic Minorities people under the Bank definition. It may therefore be necessary to consider initiatives under the Program to involve local communities, including ethnic minorities, with Program activities to allow meaningful participation and consultation.

143. **Gender:** Though gender stereotypes persist in Vietnam and the quality of women's participation and voice in decision making in particular is highly constrained, the

consultations with different stakeholders showed that women in the Program cities were generally actively involved in city life, especially at the grass root levels, where women often accounted for 50-70 percent of the community meeting participants. Interviews with local authorities suggest that women take a central role in community activities. The Women's Union plays a crucial role in information dissemination, mobilization of people for participation and contribution to a project as well as in dispute/complaint resolutions at the community level. In addition, women might be impacted by HIV/AIDS transmission from workers at the construction sites. The women's union can help communities minimize these potential adverse impacts. These groups should be incorporated into the institutional structure of implementation especially in the context of community mobilization, participation and grievance redress channels.

144. ***Disability:*** The Law on Disabled Persons was issued on June 17, 2010 to guarantee the rights of people with disabilities. The Law requests that in infrastructure development, accessibility of disabled persons should be taken into account to ensure persons with disabilities can have access to the developed services.

145. ***Migration and other urban issues:*** The cities should be aware of other issues generally caused by urban upgrading and/or urbanization processes, such as:

- a. massive migration from rural to urban areas due to population pressure and lack of resources in rural areas. People living in rural areas are drawn to the city to improve economic opportunities. Often they believe that the standard of living in urban areas will be much better than in rural areas;
- b. strong socio-cultural impacts on surrounding rural areas, which will, in their turn, affect the life, habitus of rural communities; and
- c. an increasing trend in unemployment, drug abuse, crime and homelessness.

## **Potential Social Impacts**

### ***Potential benefits***

146. An estimated 757,000 people live in the Program cities, including women, children, the low-income households, and Ethnic Minorities who will all benefit from local infrastructure improvements.

147. Investments targeted in low-income areas will provide direct benefits to the poorest sections. These groups are also likely to benefit from work opportunities that are created in the construction phase, and in the appreciation in property values resulting from improved servicing of their residential areas. Hiring of local persons for unskilled labor would benefit the poor. Direct benefits will also accrue to residents of surrounding rural areas who will utilize improved infrastructure and services when accessing commercial, administrative and social services in these cities. Finally, indirect benefits will accrue at a national level over a period of time, as the implementation framework in the Program is scaled-up across all regions under the NUDP.

148. According to the community consultations, the Program would bring crucial benefits to the local people in the whole city in general and in some low income areas in particular. Implementing the Program would enable: (a) a better access to basic social infrastructures

such as urban roads and drainage systems; (b) the steady growth of economic and commercial activities through an effective use of services and resources mobilization; and (c) better participation of the local people in the social and cultural life of the cities.

149. Encouraging both men and women to participate in the Program activities, especially enhancing the role of the Women's Unions in community activities to maximize benefits and minimize adverse impact on local people will make the Program more successful and socially sustainable. It will also ensure greater ownership of the infrastructure at community level, resulting in better care, less vandalism and therefore less maintenance costs over the long term.

150. Incorporating the needs of disabled people, especially in regard to designing infrastructure that they can access under the Program, will increase access of people with disabilities to basic infrastructure. This will create more favorable conditions for them to be mainstreamed into the social and economic life of the city and contribute to its development.

### ***Possible Program Risks***

151. **Land Acquisition.** Through social screening and consultations with related stakeholders, the most challenging impact to the communities appears to be land acquisition, resettlement, and livelihood restoration. Although the detailed design of proposed infrastructure is not available yet, given the density of ethnic minority populations, they may be affected by the land acquisition process.

152. It is noted that there are practices of land donation in all the cities which suggests that for upgrading of small roads and alleys, it is very likely that local people will donate small pieces of land and assets without any compensation as they see the significant benefits that the improved road would bring to them. If not well managed, land/assets donation might cause some people to be worse off after the donation.

**Table 2: Estimate of Households Requiring Relocation  
Based on Proposed Sub-Projects**

City	Total Relocated Households
Bắc Kạn	117
Cao Bằng	67
Điện Biên	95
Hòa Bình	20
Thái Nguyên	60
Tuyên Quang	11
Yên Bái	33
<b>Total</b>	<b>403</b>

153. Under the Program, six cities have proposed that the performance-based transfer be used to finance the preparation and construction of infrastructure for identified resettlement areas which will serve to resettle households that have to relocate as a result of activities financed under this Program (Table 15 above). The resettlement sites will be adequately prepared in terms of necessary infrastructure. This will include investment in infrastructure



such as roads, drainage, water, electricity and street lighting. Special emphasis will be made on ensuring integration of host communities and planning of services and infrastructure that take into account existing plans and needs of the wider community. Each of the six cities should identify sites and prepare them for potential resettled households. The choice of such sites will minimize the number of households that have to be relocated. If there is any household on the proposed site, such a household would be relocated temporarily and be given an *in situ* unit in the serviced site.

154. Another challenge is to involve local people throughout the sub-project cycle from the design to the completion stage to maximize benefits and minimize the adverse impact to local communities, including Ethnic Minorities. An important purpose of good consultation and participation is to increase sub-project ownership and allow affected persons to make informed choices. Under the proposed city investments, ethnic minority people will comprise a large portion of the potential beneficiaries of the Program as shown in Table 16 below.

**Table 3: Ethnic Minority Population in Program Cities**

	Population in proposed investment area	Number of Ethnic Minority People	Percentage of Ethnic Minority Beneficiaries
Thai Nguyen	7,360	832	11.30
Bac Kan	70,266	43,157	61.42
Tuyen Quang	60,879	14,004	23.00
Yen Bai	6,337	566	8.94
Hoa Binh	7,225	2,040	28.24
Dien Bien Phu	68,637	17,900	26.1
Cao Bang	8,789	6,475	73.67

155. It is worth noting that the percentage of Ethnic Minority sub-project beneficiaries in most of the cities is higher than the percentage of Ethnic Minority people in the city population as a whole, meaning that the proposed sub-project target areas have higher concentrations of Ethnic Minorities.

### ***Indirect Impacts***

156. The Program will improve living standards and the health of the beneficiary communities through better access to public services such as water supply and drainage. The health of the local community is also expected to improve as a result of improved environmental conditions from constructed drainage systems. Better roads will make travel more convenient and less time consuming; local people have more time for working and income generation.

157. With improved infrastructure, the Program and cities will become more attractive to investors and tourists. The Program will therefore bring about opportunity for boosting socio-economic development.

## Social Management Systems

### *Land Acquisition*

#### *Legal Framework*

158. The guiding law on land acquisition in Vietnam is the Land Law No. 13/2003/QH11 dated on November 26th, 2003. There are a number of decrees guiding the implementation/application of the land law including:

- (a) Decree No 197/2004/ND-CP of December 3rd, 2004 on land recovery;
- (b) Decree No 17/2006/ND-CP of January 27th, 2006 on amendments and supplementation of some articles of the Decrees on the implementation of the Land Law and Decree No 187/2004/ND-CP on transforming state owned companies into joint stock companies;
- (c) Decree No 84/2007/ND-CP of 25th May 2007 on additional stipulations on the issuance of land use right certificates, land recovery, land use right applications, procedures for settling compensation, support and resettlement when land is recovered by the State and settlement of complaint on land; and
- (d) Decree No 69/2009/ND-CP on additional stipulations for land use planning, pricing, recovery, allocation, lease, compensation, support and resettlement and circular No 14/2009/TT-BTNMT details regulations for compensation, support and resettlement and procedures of land recovery, allocation, and lease.

159. All provinces have issued decisions on compensation, assistance and resettlement when the State acquires land in their provinces. In general, the provincial compensation and resettlement policies follow national policy with some specific points in every province as described below.

160. ***Land compensation.*** Land compensation is based on land compensation price that is updated and announced every January for each type of land in each province. It is expected that this price will be used for the whole year for most of the land based transactions/deals, including acquisition by the State. It is endorsed at the provincial level by the Provincial People's Council and approved by the Provincial People's Committee. Local authorities are expected to re-determine land price to ensure it reflects market price at the time of the land acquisition decision. In practice the province-established land price is uniformly used and is re-considered only if there are many complaints from affected people. If the land acquisition is for a public purpose, most people tend to accept the offered compensation package though the compensation rate may be lower than the market price. The situation is better for agricultural land compensation as there are substantial assistance entitlements to top up the compensation package. Non-agricultural land plots can be allocated to farmers losing a lot of agricultural land to facilitate income restoration. However, as land is scarce inside the cities, this policy is often not implemented.

161. ***Compensation for houses and structures.*** Compensation rates for houses and structures are based on the market price of construction materials and labor cost at the time of price establishment. These prices are updated every 1.5-2 years, so that they are often lower than replacement cost and inconsistent. Currently, Thai Nguyen, Cao Bang, Dien Bien and

Yen Bai are using the rates established in 2012, while Bac Kan, Tuyen Quang and Hoa Binh are using the rates from 2011.

162. **Compensation for trees, crops and animals.** Rates established by the PPC are not updated regularly and are therefore lower than the market price. Currently all provinces are using rates established in 2011.

163. **Assistance policy.** There are a number of assistance allowances in the government regulations, including assistance for life stabilization, relocation transportation, income restoration, and training for new job skills. All provinces pay special attention to poor households, who will receive special assistance through a subsistence allowance for a long period (for example for 36 to 84 months in Thai Nguyen, depending on the severity of the impact). The households eligible to receive the regular government allowance under the social policy will also receive a special allowance if they are affected by the sub-project.

164. **Voluntary donation.** For upgrading small roads in villages or communes, people can voluntarily donate affected small pieces of land and assets without compensation. This practice exists in all cities.

165. **Informal land users.** There are generally a small percentage of informal land users in all the cities. Assistance for these households is considered on a case by case basis. If an illegal or informal household has no place to go, a land plot will be allocated by the province. If they don't have enough money to pay for an allocated land plot, they are allowed to pay in instalments over many years.

166. **Relocation.** There are available resettlement sites in most of the cities for relocation of affected people. The average size of the land plot to be provided to each relocated household is 70 -100 m<sup>2</sup>. If a project requires significant relocation, a new resettlement site is built under the project. The sale price for a land plot in the resettlement site is often much lower than the market price. This is partly to offset the low compensation rates for the acquired land. In some other cities, households are permitted to convert agricultural land to residential for building a new house. Households can also opt for cash compensation and move to a place of their own choice.<sup>11</sup>

167. **Income rehabilitation.** As mentioned above, the policy provision of allocating non-agricultural land for households losing agricultural land to facilitate income restoration is often not implemented due to land scarcity in cities. Such households have to rely on other resources to help them restore their income through training<sup>12</sup> or access to capital provided by local authorities, organizations like Farmers Associations and Women Unions and banks. Where people still want to continue agricultural activities, such as in Bac Kan, many farmers buy new agricultural land.

168. **People's participation.** The cities follow the government regulations on public disclosure and consultation on compensation, assistance, and resettlement plans, as well as on specific compensation options for every household. In 2008, Hoa Binh issued a decision on

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<sup>11</sup> This cash package for self-relocation will include an additional cash amount of about 10 percent of the compensation amount for Thai Nguyen and Bac Kan; 10 percent of land value of a standard residential land plot in the affected area for Tuyen Quang; and a fixed amount for Yen Bai and Hoa Binh.

<sup>12</sup> In many cities, training on agricultural extension, making handicrafts, growing mushrooms, making rice wine, bamboo and rattan products, etc. are given to farmers to help create new income sources.

disclosure of resettlement related documents as well as participation and consultation of affected persons in monitoring of land acquisition activities. Cao Bang also has good participation experiences in the land acquisition process.

169. **Grievance Redress Mechanism.** There is a complaint reception point at the CPC office. On average, twice per month, the city leaders conduct direct dialogue with the complainants to resolve the complaints. According to the consultations conducted, there were no significant outstanding complaints in any of the cities. The legal framework on complaints and denunciations is mainly based on the newly issued Law on Complaints and Law on Denunciations (2011) to replace the Law on Complaints and Denunciations 1998. The Decrees 75 and 76, dated October 3, 2012 guide the implementation of these laws. However, Land Law 2003 and Decree 84/2007/ND-CP are still applied for resolution of land acquisition and related compensation and resettlement complaints and denunciations. In the case of administrative decisions made by the DPC or PPC related to land, including land acquisition, compensation, support and resettlement due to land acquisition, affected people can lodge a complaint which is handled in the following manner:

- Complaints must be lodged within 90 days from the issuance of the administrative decision;
- The People's Committees (PCs) at district or provincial levels are responsible for implementing the first resolution of complaints received on administrative decisions and behaviors by that level (e.g., the PPC will review administrative decisions/ behaviors by provincial government divisions). They must respond within a stipulated timeframe (30 days for normal cases, 45 day for complicated cases, and 45-60 for remote areas); and
- If the claimants disagree with the first resolution by the District People's Committee, they have up to 45 days to appeal to the PPC or to take the case to the administrative court for resolution. If the claimants disagree with the first resolution by the PPC, they can only take the case to the administrative court for a final judgment.

170. **Compensation budget.** Only Thai Nguyen uses the provincial budget for compensation and resettlement. Other cities are mostly subsidized by the central government.

### *Institutional Arrangements*

171. Resettlement processes are implemented at the local level. Since 2010, following Decree 69/2009, most of the cities established Land Fund Development Centers (LDCs) who are responsible for managing all compensation and resettlement activities as a professional unit under the guidance of the City Compensation and Land Clearance Board (CLCB), established for every project. The exception is Bac Kan town, where the town Compensation and Land Clearance Committee (CLCC) still exists to conduct all compensation and resettlement activities related to the town under the guidance of the CLCB. Staff capacity for resettlement is shown by city in Table 17.

**Table 4: Staff Capacity for Resettlement**

City	CLCC	LDC	No. of staff	Most senior staff (in years)	Least experienced staff (in years)	Enrolled specific training
Hoa Binh		2010	13	9	3	Yes
Dien Bien Phu		2009	14	20	3	Yes
Thai Nguyen		2010	43	13	7	Yes
Bac Kan	2004		13	13	7	Yes
Tuyen Quang		2010	16	6	1	Yes
Yen Bai		2011	18	7	2	Yes
Cao Bang		2011	39	6	1	Yes

172. The number of staff currently working for the Land Fund Development Center (LDC) or Compensation and Land Clearance Committee (CLCC) varies among cities. Dien Bien Phu City has the most senior staff working in this area with 20 years of experience.

173. The city CLCB is usually chaired by the Chairperson of the CPC and includes members of relevant city Divisions (e.g., Finance, Natural Resources and Environment, **Construction**); project owners; representatives of mass organizations (Fatherland Front, Farmer Associations, Women's Union); representatives from communes having acquired land; and affected households (1-2 persons). PPC and CLCB are key players in preparing and implementing the compensation, resettlement and support program along with other key stakeholders. Although investors or project owners are members of the established city CLCB, their role is mostly limited to making budget available for compensation payments. This is either paid directly to affected people or transferred to LDC for further payment to affected people.

### *Challenges*

174. The main challenge is to ensure that the compensation rates used adhere to the **national** provision that they should reflect market value. In addition, the resettlement package should also identify any other measures beyond compensation payments that may be needed to ensure no one is worse off as a result of the sub-project. The Program will ensure that mitigation of such impacts is fully documented and that full compensation is paid to Program affected people.

175. **The** following challenges, relating to the existing framework, are identified in this section and mitigation measures proposed thereafter:

- a. While the central government determines the methodology for assessing land prices, actual compensation rates for land are determined at the provincial level. Consultation with different stakeholders in most of the cities found that the applied land compensation price is often lower than market price (often varying between 50 to 80 percent of market price). Land price decisions are officially notified by each province on the first of January each year. Evidence suggests that these prices are rarely market-based and there is no provision to challenge or cross check these rates, even though government regulations require local authorities to re-determine land prices before applying for compensation to make sure it reflects market value. In reality, all

the cities automatically apply the province-established land price for compensation, and the price is only occasionally re-considered when there are many complaints from affected people.

- b. Secondly, while the law calls for aspects of livelihood and income to be taken in to account, the application of this principle is not uniform. Payments which are largely only based on direct compensation for affected assets are delivered as a single payment to affected people without careful consideration of the longer term impact of livelihood and income losses. While the intention is for affected people to enjoy a better (or at least equal) standard of living, there is rarely if ever, any additional support, programs or assistance for this, nor is it monitored. Once compensation payments have been made to affected people, resettlement activities are considered completed.
- c. Thirdly, to be eligible for compensation for the land, affected people must be in possession of a land use rights certificate. According to the Law and its guiding decree, those who do not have land use deeds, depending on the legal status, may not be eligible for full land and attached assets compensation.
- d. Finally, there are no specific regulations to guide land acquisition procedures for cases of resettlement impacting on Ethnic Minority people. The recently approved new Land Law that will come into effect in July, 2014 has a provision in ensuring that Ethnic Minorities have land for living and agricultural production (if needed) after land acquisition.

## ***Ethnic Minorities***

### ***Legal Framework***

176. Vietnam's legal provisions and state policies that support ethnic groups and provide development assistance to respond to their needs are better than that provided by other countries in the region. For example, preferential treatment is granted for admission to education establishments. There are provisions of special subsidies such as cooking oil, kerosene, and iodized salt. The GoV, along with foreign development partners and many NGOs have provided assistance programs/projects that target Ethnic Minorities (EMs). The GoV has a long track record of development investments among the EM groups aimed at support for them to "catch-up" with the rest of lowland areas.

177. In terms of the national legal framework, equality and rights of ethnic people was ***stipulated*** clearly in the Vietnam Law. Article 5 in the Vietnam Constitution (1992) is as follows: the Socialist Republic of Vietnam is a united nation having many nationalities. The State implements a policy of equality and unity and supports the cultures of all nationalities and prohibits discrimination and separation. Each nationality has the right to use its own language and characters to preserve their culture and to improve its own traditions and customs. The State carries out a policy to develop thoroughly and gradually improve the quality of life of Ethnic Minorities in Vietnam physically and culturally. Recently, the Decree No. 05/2011/ND-CP (January 14th, 2011), provides the guidance for activities related to EMs which include support for the maintenance of language, culture, customs and identities of every Ethnic Minority.

178. **Article** 3 of that Decree lays out general principles when working with Ethnic Minority people as follows:

- To implement the EM policy on the principles of equality, solidarity, respect and mutual assistance for development;
- To assure and implement the policy on comprehensive development and gradual improvement of material and spiritual life for EM people;
- To assure preservation of the language, scripts and identity, and promotion of fine customs, habits, traditions and culture, of each EM group; and
- An EM group shall respect customs and habits of other groups, contributing to building an advanced Vietnamese culture deeply imbued with the national identity.

179. According to the government policy, proposed projects affecting land, environment, or the life of Ethnic Minority communities, should disclose information and consultations carried out with representatives of the local authorities, to ensure that all investments result in better life conditions, and are carried out in a culturally appropriate manner (article 9), with specific provision in the case of involuntary resettlement. It is also worth noting that the Prime Minister recently approved the project on “The preservation and development of Ethnic Minorities’ cultures in Vietnam toward 2020” with an estimated budget of 1.512 billion VND (decision No. 1270/QD-TTg dated on July 27 2011)).

#### *Institutional Arrangements*

180. A system of government from the central to the local levels was created to undertake activities related to Ethnic Minority people (article 22, decree 05/2011/ND-CP dated on January 14, 2011), which provides the following:

- (a) The Government shall uniformly perform the state management of Ethnic Minorities work;
- (b) The Committee for Ethnic Minorities Affairs shall assist the Government in performing the state management of Ethnic Minorities work nationwide;
- (c) Ministries, ministerial-level agencies and government-attached agencies shall perform the state management of Ethnic Minorities work under law;
- (d) People's Committees of all levels shall perform the state management of Ethnic Minorities work in their localities under law; and
- (e) Ethnic Minority affairs agencies shall be organized at the central, provincial and district levels in Ethnic Minority areas.

181. At the central level, the Committee for Ethnic Minorities Affairs (CEMA) assumes the prime responsibility for Ethnic Minorities and coordinates with concerned ministries and branches in: planning, elaborating and implementing the Ethnic Minorities’ policy; and to guide, inspect, examine, review, assess, disseminate and mobilize the implementation of the Ethnic Minorities policy under this Decree. In addition, CEMA is responsible for coordinating with ministries, branches and provincial-level People’s Committees with regard to initiatives implemented with Ethnic Minorities in different parts of the country. CEMA is required to submit an annual report to the Prime Minister on the implementation of the Ethnic Minority policy and programs.

182. Other ministries and ministerial governmental agencies are also expected to assume responsibility for and coordinate with the Committee for Ethnic Minorities Affairs within the

remit of their assigned functions, tasks and powers. People's committees at all levels are expected to (Article 25):

- (a) Implement the Party's policy and the State's law on Ethnic Minorities work under law and this Decree in their localities;
- (b) Annually elaborate and implement plans and programs on Ethnic Minorities work. To organize, direct and inspect the implementation of law and policy on Ethnic Minorities; to organize and direct the application of measures to ensure improvement of material and spiritual life for Ethnic Minority people;
- (c) Elaborate and implement local policies, programs and projects for Ethnic Minority areas and areas with socio-economic difficulties and exceptional socio-economic difficulties; and
- (d) Submit reports on Ethnic Minorities and the implementation of the Ethnic Minorities policy and Ethnic Minorities work in their localities to CEMA for summarization and reporting to the Prime Minister.

### *Challenges*

183. Despite the legal framework provided for Ethnic Minority development investments and activities, operational procedures for adequate implementation are lacking. Participation of Ethnic Minorities in decision-making processes remains limited (UNDP, 2006). Overcoming prejudices constitutes a barrier for participation of EMs and brings a significant challenge for effective decentralization. In a joint mid-term review report of the second Program 135, the participation of Ethnic Minority people in this Program was considered limited due to: (a) insufficient information provided for planning and budgeting processes; (b) limited skills for sound participatory planning and budgeting; and (c) limited fluency of EMs in Vietnamese, and insufficient bilingual support to overcome it (CEMA and UN, 2009). However, the findings of the Community Driven Development projects (WB Northern Mountains Poverty Reduction Project – NMPPR), confirmed that improvements in beneficiaries' participation in the project cycle yielded positive results (e.g., community participation, information transparency, the improved influence level of community in decision making processes). That is why guidance on participation, including for Ethnic Minorities, will be needed to develop and enhance people's participation in the whole process of Program preparation, implementation and monitoring/evaluation to ensure successful implementation of the investment activities.

184. It will be important to require appropriate measures under the Program Action Plan to involve all local people, including ethnic minority people in the Program activities to ensure their meaningful participation and consultation in every step of the Program implementation, including city planning, sub-project design and implementation, compensation, resettlement and rehabilitation measures in land acquisition.

### **Social Management Capacity of the Program**

185. As there are no regulations requiring social assessment and screening during sub-project preparation, adequate attention is often not paid to social issues during sub-project design. Most project owners just follow the prescribed city master plan which they are reluctant to change to avoid complexities in administrative procedures. Consultations on



project design are limited to participation of local authorities and the city related agencies, but not local people.

186. The exception is for community-based projects, where people are consulted on decisions regarding project design and community contribution (by kind, labor or cash). It is recommended that early social screening with participation of the related stakeholders, including affected people and communities, be implemented under the Program to maximize benefits and minimize adverse impact to the communities. This would also allow for broad support from the affected communities, including Ethnic Minorities, for the proposed investments.

### ***Land Acquisition***

187. During 2008-2013, the LDC or CLCC of all cities engaged in land acquisition for projects implemented in their localities. The number of projects implemented by LDC or CLCC differs significantly from city to city. The projects' impacts are also diversified with affected households in general and relocated households in particular. It seems that the LDCs /CLCCs generally performed well in relation to land acquisition, compensation and relocation with some outstanding grievances unaddressed in Cao Bang (10) and Tuyen Quang (8). Details on land acquisition experiences for each city are included in Table 18 below.

**Table 5: Land Acquisition Experience in Program Cities**

City	Number of projects (2008-2013)	No. of affected households	No of relocated households	Experience with donor-funded projects (for the province)
Hoa Binh	107	4525	231	KfW <sup>[1]</sup> , WB
Dien Bien Phu	40	2600	1800	Finland, WB
Thai Nguyen	64	3852	740	WB
Bac Kan (2004-13)	82	3400	500	WB, Finland
Tuyen Quang	150	2762	150	WB, ADB
Yen Bai	65	2639	302	WB, ADB
Cao Bang	50	3000	500	WB, DANIDA

Note: <sup>[1]</sup> KfW is Kreditanstalt für Wiederaufbau (Germany); <sup>[2]</sup> DANIDA is Danish International Development Agency.

188. Most of the Program provinces have implemented some government and donor-funded infrastructure projects, including for the World Bank (e.g., Northern Mountain Poverty Reduction project, Road Network Improvement project, Rural Transport and Rural Energy projects), or the Asian Development Bank (e.g., Northern Mountain Transport connection project, Noi Bai - Lao Cai road improvement project, Hanoi - Thai Nguyen highway project). They are, therefore, familiar with land acquisition processes from both donor and government perspectives. However, only a few cities have been involved directly in such projects. Examples include Yen Bai city, where the LDC has conducted land acquisition activities, following ADB policies; and Hoa Binh city, where a road connecting the city to Da Bac district was a part of the Third Rural Transport project, funded by the World Bank. As mentioned earlier, land acquisition activities for the city's projects are conducted by the city's LDC (or CLCC for Bac Kan town). All the LDCs and the CLCC have a sufficient number of staff and have experience in land acquisition, mostly following government regulations.

189. According to the consultations conducted with representatives of LDC (or CLCC), local authorities and affected people, land acquisition activities are implemented with care in all the cities and with widespread government participation to encourage affected people to follow the regulations relating to land acquisition. As past experiences have shown, resettlement to nearby locations is accepted without major complaints by most of the affected people. Most complaints received were related to land compensation prices and delays in land acquisition were often attributed to low land compensation prices or lack of funds for compensation.

190. The proposed investments under the Program would cause approximately 403 households to be relocated over the six year implementation of the Program. With measures to ensure that the compensation reflects the market price and that compensation funds are readily available (using the Program advance, for example), land acquisition would be manageable with the current institutional arrangements and capacity, though the risks are still substantial. In some cities (Hoa Binh for example), affected people who were interviewed said they would prefer cash compensation (if sufficient) so that they could choose a place to move by themselves. This would facilitate quick compensation, land clearance and livelihood restoration processes. Discussions with representatives of all the cities revealed that sufficient and timely allocation of compensation budget would considerably facilitate the land acquisition progress.

191. The practice of donation of small pieces of affected land and assets for roads/alleys improvement could help facilitate land acquisition, especially for upgrading of low income areas. Although it exists in all cities, this practice is especially strong in Tuyen Quang, where local communities are voluntarily donating land to enable the building of rural roads, urban roads and alleys. Examples of land donation in other cities include Thai Nguyen, where people in the Tan Cuong commune have donated 3,000 m<sup>2</sup> for road improvement; while Quang Trung ward has cleared a 980 m length for road improvement without any compensation. In Hoa Binh, in Cham Mat ward, in 2012, local people voluntarily donated land to widen and improve a 1 km stretch of road from 3.5 to 5.9 m width. As mentioned above, detailed screening criteria as laid out in the Program Operational Manual will determine that such donations are authentic and voluntary and a ceiling on such donations will be established to ensure that no one suffers undue disadvantage from land acquisition for the sub-project.

192. In the Program provinces, participation of affected households is very clear during the land acquisition process in which there are some milestones required related to public meetings/consultation and information disclosure (e.g., meeting to inform the land acquisition notice, detailed compensation plan, etc.). In general, land acquisition activities are conducted openly and transparently, following GoV regulations. People's opinions are taken into account if they do not contrast with the GoV regulations. For example, in some areas, when people raised low compensation price as an issue, the city arranged a survey and adjusted the land price to make it acceptable to the affected people.

193. If a sub-project affects Ethnic Minorities, they are also informed and consulted in the same way as for Kinh people, with active participation of the village leaders in suburban areas, who can translate details into their own language if required. Ethnic Minority people living as a community will mostly be relocated in the same community, converting agricultural land into residential land to re-build the houses. All meetings with affected

households and local communities are properly recorded and documented. Other forms of individual participation include land donation practices (especially when upgrading/expanding small roads/alleys) and community supervision of the civil works. The latter is implemented by groups nominated by the local communities.

194. However, despite their crucial role in the land acquisition process, the participation of community organizations at the local level is relatively limited or on an occasional basis. According to consultations, they usually mobilize due to failed negotiation with affected households. In this case, such organizations (with their extended network in the field) are in a better position to connect project owners, land acquisition agencies, and affected households. The mobilization of community organizations in the land acquisition processes is typical in Cao Bang where this practice is institutionalized by a direction of the City's Communist Party. This direction is then translated into the annual working plan of the Women's Union and the Farmer's Union. Other than communication and community mobilization activities, these organizations also have some specific support activities for members who lose land due to a development project.

195. Despite the legal framework provided for citizens (including Ethnic Minority people), participation in development investments and activities as well as operational procedures for adequate implementation are lacking. Their participation in the decision-making process, other than for land acquisition, remains limited (UNDP, 2006).

196. Social screening and social assessment as an input to sub-project selection and design is weak. The common practice is that only key related agencies are involved in project design, and social issues do not receive significant attention. Land acquisition plans are defined based on the city master plan. Typically, no consultations with potentially affected people and communities to minimize adverse impact are conducted at the design stage, except for community-based investment, where local people are consulted on the project design and level of their contribution (by kind or in cash). As mentioned above, efforts need to be made to encourage employment of localized labor and meaningful participation of women's groups and Ethnic Minorities.

197. In general, the GoV has a robust legal and regulatory framework governing land acquisition. There is a risk that Ethnic Minorities may, at least temporarily, lose traditional livelihood opportunities through resettlement. This is particularly relevant for those Ethnic Minorities who depend on agricultural and forestry land for their survival with limited education or commercial skills that would prevent them from engaging in alternative livelihood opportunities. The recently-approved land law, which will come into effect in July, 2014, has further improved the legal framework for land acquisition, paying more attention to people's participation, transparency and livelihood restoration for farmers losing agricultural land. Special attention is also paid to Ethnic Minorities to ensure that they have land for living and agricultural production (if needed) after land acquisition.

198. All local authorities have established the required institutional frameworks for land acquisition. Experience in handling of land acquisition issues is considerable. However, there are some specific weaknesses in the system, including:

- a. *Minimization of land acquisition and associated adverse impacts.* Minimization of land acquisition is not conducted in a systematic manner during project preparation,

and is instead mostly carried out on an ad hoc basis, often only when difficulties appear.

- b. *Identification and addressing all economic and social impacts caused by land acquisition or loss of access to natural resources.* While the legal framework allows for such calculations, there is little evidence that the long term costs of land acquisition are fully assessed. Compensation is made through one-off payments which may not reflect the long-term impacts of loss of access to land or resources.
- c. *Prior compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses.* The regulations allow for the assessment of the full value of assets however evidence from several reviews suggests that this is rarely done and that the assessed value of land (and sometimes other assets), is usually lower than the market value.
- d. *Provision of supplemental livelihood improvement or restoration measures if land acquisition causes loss of income generating opportunities.* There are measures to help affected people to restore lost income sources, but there is a lack of monitoring of livelihood restoration and continuous support after compensation and assistance payment.

199. In summary, the biggest gap in land acquisition activities is in ensuring replacement cost of the compensation for lost land and other assets. Monitoring for livelihood restoration of affected people, especially vulnerable groups also needs to be strengthened. Though there are no specific regulations on Ethnic Minorities in land acquisition, in practice they are consulted in finding an appropriate place to be relocated, often inside their communities. Lack of compensation budget often delays compensation and resettlement processes as well. The Program Action Plan should have an action to address these issues.

### ***Ethnic Minorities***

200. The core principles require that due consideration is given to the cultural appropriateness of, and equitable access to, Program benefits with special emphasis placed on the rights and interest of indigenous peoples, as well as on the needs or concerns of vulnerable groups. The assessment suggests that the regulations covering this aspect are relatively well structured, but there are some doubts relating to the capacity to implement those regulations. Specifically:

201. Free, prior, and informed consultations are undertaken if indigenous people are potentially affected (positively or negatively) to determine whether there is broad community support for Program activities. Ensure that indigenous people can participate in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge, the latter to include the consent of indigenous people. While the legal framework is robust, the implementation of the regulations related to Ethnic Minorities, information disclosure, information and social participation at the local level needs to be strengthened to bring it in line with the policy (i.e., lack of accountability due to limited information flowing to cities, participation of Ethnic Minorities in decision making remains limited). There will be an action in the Program Action Plan to close these gaps.

202. Program planning and implementation includes attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, the elderly, or marginalized ethnic groups. As mentioned above, an action in the PAP will promote equitable access to Program benefits. This element is also fully covered under the current policy framework in Vietnam. The Program is targeted to the Northern Mountains region which has high poverty rates and Ethnic Minority population.

## **Conclusions**

203. Gaps in the legal social management framework have been identified in regard to social screening and assessment, involuntary resettlement, participation and social accountability, including Ethnic Minorities, as well as weakness of existing capacity for effective management at the provincial and city levels, leading to a lack of institutional sustainability.

204. From a social management perspective, this analysis identifies the need for several measures to: (a) improve the transparency and accountability of implementing organizations; (b) enhance social screening processes; (c) approve detailed screening criteria regarding “voluntary donation” of land; and (d) strengthen appraisal of land/asset compensation prices and livelihood restoration measures. Additional measures relate to ensuring meaningful participation and consultation, especially Ethnic Minorities, encouraging social development measures, including guidelines (and capacity building) in POM on applying laws, regulations, and strengthening grievance redress mechanisms. At a broad level, it is critical for the government to consider social risks when appraising larger infrastructure sub-projects in order to mitigate reputational risks. Details of these proposed measures, as well as an indicative timeline and responsibilities are in Section 4.

## SECTION 4: RECOMMENDATIONS

205. The sections above have documented the environmental and social management procedures, standards and institutional responsibilities that will apply to the RBNUDP-NM Program, as well as evaluated the institutional capacity to manage the likely environmental and social effects in accordance with the country's own requirements. An assessment has also been undertaken of the consistency of the borrower's systems with core principles and attributes defined in the Program-for-Results Guidance Note on Environmental and Social Assessment.

206. Key findings of this assessment are used to improve environmental and social management outcomes of the Program through specific actions under the overall Program Action Plan. In the PAP (see Box 1, below), the ESSA has provided inputs into two specific actions relating to social issues viz. land acquisition, and inclusion of local people, including of Ethnic Minorities. For land acquisition, the measure relates to strengthening appraisal of land/asset compensation prices and livelihood restoration measures.

### **Box 1: Preliminary PAP: Inputs from the ESSA**

1. Participating cities will ensure that land acquisition and related adverse impacts are avoided or minimized and that people affected by loss of assets or land, or income streams, will be compensated so that they are no worse off than before that loss, and if possible better off. In addition, an efficient and independently verifiable mechanism will be developed to assess the market value of lost land, other assets and income streams to determine adequate means to restore livelihoods of affected people.
2. MOC and the participating cities will jointly develop guidelines to ensure the effective participation of and consultation with local people, including Ethnic Minorities and vulnerable groups, in the investment process. The guidelines, to be implemented by participating cities, shall fully operationalize existing Vietnamese Legislation with respect to Ethnic Minorities through a process of free, prior, and informed consultations.

<i>DLI or Loan Covenant</i>	<i>Due date</i>	<i>Responsible party</i>	<i>Completion Measurement</i>
<b>Covenant</b>	<b>Action 4: Resettlement:</b> ongoing <b>Land valuation mechanism:</b> January 1 <sup>st</sup> 2015 <b>Action 5:</b> <b>Guidelines</b> January 1 <sup>st</sup> 2015	<b>MOC and Participating Cities</b>	<b>Progress reported upon in Program Report</b>  <b>Supervision will review implementation quality.</b>

207. In addition to providing inputs to the PAP, the ESSA has also resulted in the recommendation of specific actions for improving counterpart capacity relating to environmental and social management during implementation to ensure consistency with World Bank principles.

208. From an *environmental* management perspective, the following measures are recommended (and summarized in Table 19):

- (a) **Strengthen the environmental management capacity** of the participating cities/provinces should be strengthened in order to promote institutional sustainability. A capacity building program including formal and on-the-job trainings should be developed and implemented. A qualified environmental specialist should be engaged at the central level to provide technical advisory services to the PMUs in the early stage of the Program and prepare an environmental training plan for the Program. The environmental training plan should cover all key stakeholders such as PMU Environmental Officers, construction supervisors, and contractor site engineers. The DONREs and the city Environmental Divisions should also be engaged in the Program's environmental capacity building.
- (b) **Clarify the roles and responsibilities of DONRE**, the city authorities and the provinces should be clarified in order to streamline the approval process for sub-projects. Operational guidelines and procedures should be reviewed and revised accordingly.
- (c) **Improve the environmental screening and assessment process** to address the identified weaknesses. Specific information on the environmental screening and assessment process to be used under the Program should be included in the POM in order to make it a condition for Program negotiation. Under the Program, the environmental specialist engaged at the central level by the Ministry of Construction should review the TORs for sub-project EIAs.
- (d) **Improve post-EIA environmental monitoring and supervision.** Each PMU should be staffed with at least one Environmental Officer with relevant background and/or experience to oversee the environmental process, particularly reviewing the draft environmental assessment reports, the mitigation measures incorporated into the engineering designs, construction bidding and contractual documents, and construction supervision contracts.
- (e) **Promote community participation in sub-project design and construction monitoring.** While community consultation is compulsory during the preparation of environmental assessment reports, continued consultation with local communities should be required under the engineering design contracts. The PMU should be instructed to coordinate with local authorities to arrange for community monitoring, which has proven to be effective in past projects.
- (f) **Carefully consider the environmental risks** when appraising larger infrastructure sub-projects which, by their prominent nature, might lead to potential reputational risks.

**Table 19: Summary of Recommendations on Environmental Aspects**

<b>Recommendation</b>	<b>Time Frame</b>	<b>Responsibilities</b>
<b>Strengthen environmental management capacity</b>	From March 2015	MOC, PPCs, PMUs, DONREs, environmental staff and consultants, contractors, design consultants, benefited communities
<b>Clarify roles and responsibilities of DONRE, city, provincial authorities</b>	On-going	MOC, through POM
<b>Improve environmental screening and assessment process</b>	On-going	MOC, CPCs, environmental staff
<b>Improve post-EIA environmental monitoring and supervision</b>	From March 2015	PPCs, PMUs, environmental staff, construction supervision consultants
<b>Promote community participation in sub-project design and construction monitoring.</b>	On-going, as part of sub-project preparation	PMUs, design consultants, contractors, benefited/ affected communities
<b>Consider environment risks when appraising larger infrastructure sub-projects to mitigate reputational risks</b>	On-going	WB, MOC, PPCs, PPMUs

209. From the social management perspective, the following measures are recommended (and summarized in Table 20):

- (a) **Improve the transparency and accountability of implementing organizations** through the maintenance of a data base on corruption/fiduciary/procurement and Program implementation feedback and complaints. This should be included as an action in the Program Action Plan (PAP).
- (b) **Conduct social screening to maximize project benefits** and minimize adverse impact to local communities especially on land acquisition. Specific information on **social screening processes** to be used under the Program should be included in the POM in order to make it a condition for Program negotiation. If land acquisition is unavoidable, provinces and cities will ensure that people affected by loss of land and assets will be compensated so that they are no worse off than before that loss. An appropriate mechanism will be developed to assess the value of lost land and other assets so that they are reflective of market value, and to determine adequate compensation (for legal users) and assistance (for illegal land users). This should be included as an action in the Program Action Plan.
- (c) **Agree on and approve detailed screening criteria and procedures regarding ‘voluntary donation’ of land** prior to commencement of civil works to ensure people are not worse off after the donation. Program funds may be used for compensation and resettlement activities in order to avoid delays and to facilitate the land acquisition process. Provinces will also ensure that relocated households will only



move when the resettlement package is operational. Livelihood restoration will be incorporated as a principle in the design of resettlement packages and will be monitored.

- (d) **Incorporate the Women's Union and similar groups into the institutional structure of implementation** in order to assist in promoting gender sensitive community mobilization, participation and grievance redress channels. A gender officer should be included in each PMU and in the UDA in MOC to mainstream gender equality across the Program.
- (e) **Enhance people's participation**, especially for Ethnic Minorities to ensure their meaningful participation and consultation in every step of the Program implementation, including city planning, sub-project design and implementation, compensation, resettlement and rehabilitation measures in land acquisition. This should be included as an action in the Program Action Plan.
- (f) **Encourage the following social development measures:** (i) ensuring unskilled (and to the extent feasible, skilled) labor is sourced locally, (ii) women's organizations are tapped as resources to mobilize the community and get buy in for the Program, (iii) ensure access to the newly developed infrastructure for people with disabilities.
- (g) **Include in the Program Operational Manual** guidelines which will: (a) strengthen the application of national law at the provincial level in terms of: resettlement, compensation and support including developing a firm basis for land valuation and criteria for land/asset donation; and (b) strengthen implementation of national regulations on information disclosure, consultation and participation and claims and redress mechanisms including strengthening consultation and participation with special attention to Ethnic Minorities and vulnerable groups; (c) boost gender equality and women's participation in Program activities; and (d) enhance disabled access in infrastructure development.
- (h) **Supplement the above-mentioned guidelines with capacity building measures.** A suitable M&E system should be developed to track the implementation of the guidelines.
- (i) **Strengthen grievance redress mechanisms and their implementation and documentation in provinces and cities.** This will require capacity building to improve conflict resolution and properly track and document all grievances.
- (j) Carefully consider the social risks when appraising larger infrastructure sub-projects which, by their prominent nature, might lead to potential reputational risks.

**Table 20: Summary of Recommendations on Social Management Aspects**

<b>Recommendation</b>	<b>Time Frame</b>	<b>Responsibilities</b>
<b>Improve the transparency and accountability of implementing organizations</b>	On-going	MOC, CPCs, PMUs
<b>Enhance social screening processes</b>	On-going	MOC, PMUs, social staff/consultant
<b>Approve detailed screening criteria regarding “voluntary donation” of land</b>	March, 2015	MOC, CPCs
<b>Ensure meaningful participation and consultation, especially Ethnic Minorities</b>	On-going	MOC, PMUs, social staff/consultant
<b>Encourage social development measures</b>	On-going	MOC, PMUs, CPCs
<b>Include guidelines in POM to better apply law, implement regulations, boost gender equality and enable disabled access</b>	April, 2015	MOC, PMUs, CPCs
<b>Supplement guidelines in POM with capacity building measures; M&amp;E system</b>	April, 2015	MOC, PMUs, CPCs
<b>Strengthen grievance redress mechanisms and their implementation</b>	On-going	MOC, PMUs, CPCs
<b>Consider social risks when appraising larger infrastructure sub-projects to mitigate reputational risks</b>	On-going	MOC, PMUs, CPCs

## **Annex 1: Consultation and Participation**

### **Introduction**

1. The World Bank and the Ministry of Construction (MOC) conducted a Program for Results (PforR) and Environmental and Social Systems Assessment (ESSA) consultation mission from December 9-13, 2013 for the Results-Based Financing for the Northern Mountain Urban Program covering seven cities. The mission comprised Mr. Parameswaran Iyer, Task Team Leader, Ms. Huyen Thi Phuong Phan, Co-Task Team Leader of the Program, Mr. Hung Sy Pham (Water Supply and Sanitation Engineer), Ms. Hoa Thi Mong Pham (Senior Social Development Specialist), Ms. Anjali Acharya (Senior Environmental Specialist), Ms. Ly Thi Dieu Vu, Environmental Consultant and Mr. Glenn S. Morgan (Regional Safeguards Advisor, LAC). Two consultation meetings were held in Hanoi and Hoa Binh on 10th December 2014. In Hanoi, 15 participants from external organizations such as Vietnam Urban Development Associations, Environmental Studies institutions and on-going internationally-financed urban projects attended the meetings. In Hoa Binh, 64 participants from the Program's seven participating cities/provinces joined the meeting.

2. The purpose of the consultation workshops was to: (a) brief participants on the ESSA approach under the PforR operation; (b) solicit feedback on the key findings and recommendations of the ESSA; and (c) identify possible recommendations for the action plan.

3. The consultation mission conducted intensive discussions and consultation with development partners and the participating cities/provinces, especially focusing on the ESSA and the recommendations. The ESSA has been prepared in English and Vietnamese. Hard copies of the document were also shared in all the seven cities. The Ministry of Construction, represented by the Urban Development Agency, facilitated the presentation and discussion in the two workshops. Prior to the workshop, all participants received the ESSA and related documents, including presentation handouts provided by MOC and the World Bank.

### **Presentation**

4. The two workshops were each divided into two parts, presentation and discussion. The presentation made by the representative of the World Bank's team introduced the Program Development Objective (PDO), Program design, budget and investment mechanism, as well as focusing on the ESSA (rationale, design, findings, and recommendations). The team emphasized that the social and environment benefits of the Program would be more significant than the potential risks. The Bank team also presented proposals for a capacity building program to fill in the weaknesses and an action plan to address the gaps in capacity of the Government's existing system in managing social and environmental issues in infrastructure investment projects.

## Discussions

5. The Bank's team and the UDA had an opportunity to get verbal and written feedback from the participants in both Hanoi and Hoa Binh (see Table A1.1 for detailed comments and Table A1.2 for the list of participants). In general, stakeholders expressed their strong support for the implementation of the Program. Some of the proposed investments would help to address existing local socio-environmental challenges and improve quality of lives for local communities while the other would bring about longer term socio-environmental and economic benefits. Some questions/concerns specifically related to ESSA were raised, as described below.

6. In Hanoi, the participants made comments and recommendations on various aspects including:

- The Program should consider specific environmental features of the participating cities (i.e., the investments will be in mountainous areas where flooding, landslide, erosion and landscape aspects should be investigated and assessed) in order that negative impacts can be avoided/ minimized and greening, environmentally friendly solutions can be incorporated.
- Discussions about various environmental components/issues such as air, water and wastewater, solid wastes, etc. in the ESSA report should be more balanced.
- Distinct cultural characteristics/traditions and customs of ethnic minority groups, livelihoods, maintenance of jobs/incomes and access to business opportunities should be also be considered.
- Recently, the National Sustainable Development Program (NSDP) has been approved by the Government of Vietnam. There is an opportunity for combining NSDP strategies into the specific investments of this PforR.
- The Program is implemented in mountainous, young cities where institutional capacity is limited. The capacity building program should cover all level from provincial to community and the entire life cycle of the investments in the Program (i.e., from design to construction and operation). Commitments of provincial and city/town authorities should be made as obligations, as these would have positive impacts and determine the success of the Program.
- Community participation, particularly by women, in planning, implementation and monitoring should be promoted. Communication of program investments should be promoted and a website should be created and maintained.

7. At the consultation workshop in Hoa Binh, most of the comments were focused on the action on independent land appraisal to ensure compensation prices reflect market prices or replacement cost. The concerns raised are: the inconsistency of application of compensation prices for different projects/program would cause difficulties for local authorities to implement compensation and resettlement activities; it is not easy to identify land market prices; and the local authorities have additional measures to help affected people to restore their livelihoods such as providing cheap land plots in resettlement sites or other assistance measures. One participant also raised the issue that the implementation of the recently approved new Land Law would result in certain changes to the current resettlement policy and its application in order to provide benefits to the affected people.

8. Other topics that were suggested and commented on are summarized below:
  - Public consultation necessary to improve the planning process and should therefore be promoted in the PforR.
  - Responsibilities of stakeholders, at various stages of Program implementation, particularly during the construction phase, should be made clear to ensure compliance.
  - Some participants also advised the team to correct some data/figures and clarify some specific information in the ESSA report.

**Table A1: Detailed Comments Received at the Consultation Meetings**

<b>Environmental Comments</b>
<ul style="list-style-type: none"> <li>- Environmental assessment should consider flooding and landslide issues, and damage to the landscape.</li> <li>- Take wastewater management into consideration in same way you do with solid waste/within the report.</li> <li>- Take solid waste pollution into consideration in the same way as you do with air quality.</li> <li>- The soil environment should be considered.</li> <li>- Construction of infrastructure and resettlement should consider the sustainability of forest ecosystems and the greening of the hills.</li> <li>- Discuss the environmental impacts and particularly the environmental risks in more detail.</li> <li>- Consider flooding issues when designing upgraded infrastructure.</li> <li>- Environmental assessment should include environmental indicators to assess the pollution levels relating to air, wastewater and solid waste, etc. and establish targets for the end of the Program.</li> <li>- Should consider more related to the direction of sustainable development such as energy consumption, water, wastewater treatment, recycling or solid waste treatment, sourcing of materials, usage of natural resources and landscape etc.</li> <li>- Solutions for recycling waste and wastewater should be included.</li> </ul>
<b>Social comments</b>
<ul style="list-style-type: none"> <li>- Focus on capacity building for communities.</li> <li>- Propose specific solutions to promote gender equity and the participation of women in the Program.</li> <li>- More details should be provided on social issues and the changes in customs. More discussions should be held with the beneficiaries.</li> <li>- Discuss the communities use public works and community participation.</li> <li>- Impacts of resettlement on ethnic minority groups.</li> <li>- The health risks of urban expansion and development should be considered in relation to vulnerable groups such as Ethnic Minorities and disabled people.</li> <li>- The significant risks that should be assessed are the changes in living environment and changes in jobs as sources of income due to resettlement.</li> <li>- Urban areas are of different types and sizes and different/additional assessment criteria should therefore be used for urban types I, II, III, and IV.</li> <li>- Build capacity for participating provinces.</li> <li>- Assessments should incorporate considerations on the integration of the National Sustainable Development Agenda into the RBNMUP-NM.</li> </ul>

- A schedule for community consultations should be added. Consultations should be conducted at an early stage of planning instead of at stage where the development plan has already been drafted.
- Issues such as ethnic characteristics and maintaining local typical cultural characteristics when providing social infrastructure (market, schools, kindergarten etc.) should be taken into account. Field data should be collected and considered.
- Social studies should include the population structure by ethnic minority group and the level of awareness of urban areas as living environments in order that a strategy can be developed to build capacity for communities to adopt practices that suit upgraded urban infrastructure.
- The distinct social characteristics of the communities in the Northern Mountains region should be considered during implementation.
- Transparency and accountability are requirements that directly affect the results of PforR,
- The ESSA proposes capacity building for urban authorities, the PMU and communities. The solutions proposed are suitable, adequate and feasible.
- Commitments by provincial and city/town authorities should be made as obligations since this would have a positive impact and determine the success of the Program.
- Conclusions and recommendations should be presented separately.
- Awareness of communities is limited as environmental works do not help to improve their living standards. What are the mitigation measures?
- The discussion around issues such as customs, local ways of living, cultural history etc. is not clear.
- Information should be disseminated on good customs and traditional festivals.
- Social assessment should consider job losses due resettlement, customs, urban culture and ethnic minority culture.
- In terms of resettlement, compensation is not the only issue, access to business opportunities, social and technical infrastructure and inclusion of local participation are all important to ensure sustainable livelihoods.
- The differences between the needs of communities in low land areas and those of communities in the Northern Mountain areas should be assessed to make accurate conclusions
- Local customs should be considered in more detail.
- Information disclosure to local people should be reviewed. This should cover the general information provided as well as considering encouraging community participation to enhance project benefits.
- People's livelihoods in new living environments should be taken into account, particularly that of ethnic minority groups.

#### **General comments**

- It is good to put MOC in charge of the Program.
- While it is necessary to build the capacity of the CPCs, the PPCs should also be supported; otherwise a link in the chain is missing.
- Each city has its own mechanism and policy that suits its typical characteristics, these should be studied.
- The capacity and technical expertise of city staff is still limited. There is a lack of human resources and thus staffs are overloaded. There is also a lack of transparency and awareness of local people which makes it difficult to apply the agreed compensation rate.
- Commit to use the Program funds appropriately to meet the Program implementation schedule.
- Training should be provided to build capacity for communities.

- A website should be created for the Program and updated regularly with relevant information.
- Development needs of small urban areas differ to those of urban class I areas. Impact assessment criteria should therefore be varied accordingly.

**Table A1.2: List of Participants**

***WB and MOC Team***

	Names	Title	Organization
1	Parameswaran Iyer	Urban Cluster Leader	WB
2	Phan Thị Phương Huyền	Urban Specialist	WB
3	Anjali Acharya	Environment Cluster Leader	WB
4	Glenn Morgan	Senior Safeguard Advisor (LAC)	WB
5	Phạm Sỹ Hưng	Water & Sanitation Engineer	WB
6	Phạm Thị Mộng Hoa	Senior Social Specialist	WB
7	Vũ Thị Diệu Lý	Environmental Consultant	WB
8	Trần Quốc Thái	Urban Development Agency Deputy Director	UDA
9	Dương Quốc Nghị	CPMU Deputy Director,	UDA
10	Phạm Hữu Thành	CPMU Deputy Director,	UDA
11	Phan Thanh Quang	Officer	CPMU, UDA

***Participants from the Workshop in Hanoi***

	Names	Agency
1	Phan Thanh Mai	Head of Admin unit, Vietnam Urban Planning and Devt Association
2	Dương Thị Nga	Researcher, Env Management Academy, Env Protection Agency
3	Lê Hồng Kế	Director, Env Research and Sustainable Development Planning Institute
4	Vũ Thị Vinh	General Secretary, Vietnam urbans Association
5	Nguyễn Tiến Thông,	Officer, MOC
6	Lê Thị Bích Thuận	Deputy Director, Urban and Infrastructure Development Studies Institute
7	Đinh Đăng Hải	Health Bridge Canada
8	Lê Hồng Thủy	Urban Development Management Unit, Dept of UDM, MOC
9	Hàn Trần Việt	Researcher, Environmental Management Academy
10	Lenard Kehl	GIZ Vietnam
11	Christian Henschel	GIZ Vietnam
12	Lê Hoàng Trung	UDA
13	Ngô Thị Lê Mai -	National Manager, Institute for Social and Env Transition (ISET)
14	Nguyễn Thị Thanh Huyền	Officer UDA
15	Nguyễn Ngọc Lý	Centre for Environmental and Community Studies

*Participants from the Workshop in Hoa Binh*

	Names	Agency	Tỉnh/Province
1	Lê Văn Liên	CPC Vice Chairman	Hòa Bình
2	Nguyễn Văn Dật	DONRE Deputy Director,	Hòa Bình
3	Phạm Duy Đức	Director, Environmental Protection Agency,	Hòa Bình
4	Bùi Thị Hạnh	Chief of Division, DPI	Hòa Bình
5	Nguyễn Xuân Thắng	Chief of municipal affairs Division	Hòa Bình
6	Nguyễn Tiến Hoàng	Ethnic Minority Board	Hòa Bình
7	Nguyễn Thị Huyền	Budget management Division, DOF	Hòa Bình
8	Dương Văn Khang	Deputy Director, DPI	Hòa Bình
9	Ông Trần Vinh Quang	Deputy Director, DOC	Hòa Bình
10	Bùi Quang Toàn	DONRE	Hòa Bình
11	Nguyễn Văn Mão	Architecture and Planning Division, DOC	Hòa Bình
12	Lê Ngọc Quân	Ethnic minority Board	Hòa Bình
13	Nguyễn Xuân Thắng	Ethnic minority Board	Hòa Bình
14	Nguyễn Quang Dũng	Chief, Env Division	Hòa Bình
15	Nguyễn Việt Hùng	Chief, Urban Management Division	Hòa Bình
16	Phạm Văn Thái	PMU	Hòa Bình
17	Trần Xuân Tùng	PMU	Hòa Bình
18	Nguyễn Hồng Thắng	Chairman, Cham Mat Commune	Hòa Bình
19	Nguyễn Văn Sơn	Chairman, Trung Minh Commune	Hòa Bình
20	Nguyễn Văn Hải	DONRE Officer	Điện Biên
21	Nguyễn Đức Trung	DOC Deputy Director, PMU Director	Điện Biên
22	Chu Đình Hà	Chief of Infrastructure Division, DOC	Điện Biên
23	Phạm Đức Mạnh	PMU Deputy Director, DOC Officer	Điện Biên
24	Nguyễn Kiều Tùng	DONRE Officer	Điện Biên
25	Ngô Thanh Bình	PMU Deputy Director	Bắc Kạn
26	Đoàn Quốc Vương	Technician, PMU	Bắc Kạn
27	Hoàng Thanh Hà	Environmental Division, CPC	Bắc Kạn
28	Nông Văn Hạng	Chairman of Nguyen Thi Minh Khai Ward	Bắc Kạn
29	Lý Văn Liêm	Chief of Ethnic Minority Division, CPC	Bắc Kạn
30	Nguyễn Xuân Hải	Vice chairman, CPC	Cao Bằng
31	Nông Chí Công	PMU Deputy director	Cao Bằng
32	Đàm Quang Chiến	Officer, City Environmental Division	Cao Bằng
33	Trần Văn Khánh	Officer, Ethnic Minority Board, CPC	Cao Bằng
34	Lê Kim Duyên		Cao Bằng
35	Lê Văn Huyền	DOF	Cao Bằng
36	Bùi Đào Diên	Director, Provincial EPA, DONRE	Cao Bằng
37	Trương Minh Hải	Deputy Director, Land Management Division, DONRE	Cao Bằng
38	Bà Vũ Thị Bích Thủy	CPC Vice chairwoman, PMU Director	Thái Nguyên
39	Nguyễn Văn Hội	Chairman of Đồng Quang ward	Thái Nguyên
40	Nguyễn Văn Khương	Chief, Planning Division, Ethnic Minority Board	Thái Nguyên
41	Phan Thị Hà	Ethnic Minority Division	Thái Nguyên
42	Tô Hạ Sỹ	Chairman of Quang Trung ward	Thái Nguyên
43	Bà Hoàng Thị Loan	DOF	Thái Nguyên



	Names	Agency	Tỉnh/Province
44	Đinh Công Ích	CPC Environmental Division	Thái Nguyên
45	Đặng Trần Sơn	PMU deputy director	Thái Nguyên
46	Lê Lan Quyên	PMU Officer	Thái Nguyên
47	Nguyễn Anh Tuấn	PMU Officer	Thái Nguyên
48	Nguyễn Đức Trung	Deputy Director, DOC	Yên Bái
49	Phạm Văn Ánh	PMU, DPI	Yên Bái
50	Phạm Đức Mạnh	PMU, DPI	Yên Bái
51	Hà Đức An	PMU, DPI	Yên Bái
52	Đinh Thị Thu Thủy	PMU, DPI	Yên Bái
53	Mã Đức Thành	Head of Urban Management Division, CPC	Yên Bái
54	Cao Kiên Thắng		Yên Bái
55	Ngô Kim Ngọc	Chairman of Hong Ha CPC	Yên Bái
56	Nguyễn Yên Hiền	Director, Invst and Construction Management Board	Yên Bái
57	Trần Duy Bằng		Yên Bái
58	Đặng Thế Hùng	Vice Chairman, CPC	Tuyên Quang
59	Bùi Khắc Tuyên	Officer, DOF	Tuyên Quang
60	Trần Đức Mạnh	DONRE Officer	Tuyên Quang
61	Phùng Thế Hiệu	Officer, Env. Protection Agency, DONRE	Tuyên Quang
62	Bùi Minh Ngọc	Officer, CPC	Tuyên Quang
63	Lê Minh Chiến	PMU officer	Tuyên Quang
64	Nguyễn Hồng Thanh	PMU officer	Tuyên Quang

## Annex 2: Environmental Codes of Practice

Issues/Risks	Mitigation Measures
<b>Dust generation</b>	<ul style="list-style-type: none"> <li>• The Contractor is responsible for compliance with relevant Vietnamese legislation with respect to ambient air quality.</li> <li>• The Contractor shall ensure that the generation of dust is minimized and is not perceived as a nuisance by local residents and shall implement a dust control program to maintain a safe working environment and minimize disturbances for surrounding residential areas/dwellings.</li> <li>• The Contractor shall implement dust suppression measures (e.g. use water spraying vehicles to water roads, covering of material stockpiles, etc.) as required.</li> <li>• Material loads shall be suitably covered and secured during transportation to prevent the scattering of soil, sand, materials, or dust.</li> <li>• Exposed soil and material stockpiles shall be protected against wind erosion and the location of stockpiles shall take into consideration the prevailing wind directions and locations of sensitive receptors.</li> </ul>
<b>Air pollution</b>	<ul style="list-style-type: none"> <li>• All vehicles must comply with Vietnamese regulations controlling allowable emission limits of exhaust gases.</li> <li>• Vehicles in Vietnam must undergo a regular emissions check and get certified named: “<i>Certificate of conformity from inspection of quality, technical safety and environmental protection</i>” following Decision No. 35/2005/QD-BGTVT;</li> <li>• There should be no burning of waste or materials on site.</li> </ul>
<b>Impacts from noise and vibration</b>	<ul style="list-style-type: none"> <li>• The contractor is responsible for compliance with the relevant Vietnamese legislation with respect to noise and vibration.</li> <li>• All vehicles must have appropriate “Certificate of conformity from inspection of quality, technical safety and environmental protection” following Decision No. 35/2005/QD-BGTVT; to avoid exceeding noise emission from poorly maintained machines.</li> <li>• When needed, measures to reduce noise to acceptable levels must be implemented and could include silencers, mufflers, acoustically dampened panels or placement of noisy machines in acoustically protected areas.</li> </ul>
<b>Water pollution</b>	<ul style="list-style-type: none"> <li>• The Contractor must be responsible for compliance with the relevant Vietnamese legislation relevant to wastewater discharges into watercourses.</li> <li>• Portable or constructed toilets must be provided on site for construction workers. Wastewater from toilets as well as kitchens, showers, sinks, etc. shall be discharged into a conservancy tank for removal from the site or discharged into municipal sewerage systems; there should be no direct discharges to any water body.</li> <li>• Wastewater over permissible values set by relevant Vietnam technical standards/regulations must be collected in a conservancy tank and removed from site by licensed waste collectors.</li> <li>• Before construction, all necessary wastewater disposal permits/licenses and/or wastewater disposal contract have been obtained</li> </ul>

Issues/Risks	Mitigation Measures
<b>Drainage and sedimentation control</b>	<ul style="list-style-type: none"> <li>• At completion of construction works, water collection tanks and septic tanks shall be covered and effectively sealed off.</li> <li>• The Contractor shall follow the detailed drainage design included in the construction plans, intended to prevent storm water from causing local flooding or scouring slopes and areas of unprotected soil resulting in heavy sediment loads affecting local watercourses.</li> <li>• Ensure drainage system is always maintained cleared of mud and other obstructions.</li> <li>• Areas of the site not disturbed by construction activities shall be maintained in their existing conditions.</li> <li>• Earthworks, cuts, and fill slopes shall be properly maintained, in accordance with the construction specifications, including measures such as installation of drains, use of plant cover.</li> <li>• To avoid sediment-laded runoff that could adversely impact watercourses, install sediment control structures where needed to slow or redirect runoff and trap sediment until vegetation is established. Sediment control structures could include windrows of logging slash, rock berms, sediment catchment basins, straw bales, storm drain inlet protection systems, or brush fences.</li> <li>• Site de-watering and water diversions: In the case that construction activities require that work be carried out within the watercourse (e.g. culvert or bridge crossing construction, retaining wall construction, erosion protection works), the work area must be dewatered to provide for construction in dry conditions. The sediment laden water pumped from the work area must be discharged to an appropriate sediment control measure for treatment before re-release to the stream.</li> <li>• Stream diversions or construction of cofferdams would require site-specific mitigation measures in the EMP.</li> </ul>
<b>Management of stockpiles, quarries, and borrow pits</b>	<ul style="list-style-type: none"> <li>• Large scale borrow pits or stockpiles will need site-specific measures that go beyond those in these ECOPs.</li> <li>• All locations to be used must be previously identified in the approved construction specifications. Sensitive sites such as scenic spots, areas of natural habitat, areas near sensitive receptors, or areas near water should be avoided.</li> <li>• An open ditch shall be built around the stockpile site to intercept wastewater.</li> <li>• Stockpile topsoil when first opening a borrow pit and use it later to restore the area to near natural conditions.</li> <li>• If needed, disposal sites shall include a retaining wall.</li> <li>• If the need for new sites arises during construction, they must be pre-approved by the Construction Engineer.</li> <li>• If landowners are affected by use of their areas for stockpiles or borrow pits, they must be included in the project resettlement plan.</li> <li>• If access roads are needed, they must have been considered in the environmental assessment.</li> </ul>
<b>Solid waste</b>	<ul style="list-style-type: none"> <li>• Before construction, a solid waste control procedure (storage, provision of bins, site clean-up schedule, bin clean-out schedule, etc.) must be</li> </ul>

Issues/Risks	Mitigation Measures
	<p>prepared by Contractors and it must be carefully followed during construction activities.</p> <ul style="list-style-type: none"> <li>• Before construction, all necessary waste disposal permits or licenses must be obtained.</li> <li>• Measures shall be taken to reduce the potential for litter and negligent behavior with regard to the disposal of all refuse. At all places of work, the Contractor shall provide litter bins, containers and refuse collection facilities.</li> <li>• Solid waste may be temporarily stored on site in a designated area approved by the Construction Supervision Consultant and relevant local authorities prior to collection and disposal through a licensed waste collector, for example, URENCO.</li> <li>• Waste storage containers shall be covered, tip-proof, weatherproof and scavenger proof.</li> <li>• No burning, on-site burying or dumping of solid waste shall occur.</li> <li>• Recyclable materials such as wooden plates for trench works, steel, scaffolding material, site holding, packaging material, etc. shall be collected and separated on-site from other waste sources for reuse, for use as fill, or for sale.</li> <li>• If not removed off site, solid waste or construction debris shall be disposed of only at sites identified and approved by the Construction Supervision Consultant and included in the solid waste plan. Under no circumstances shall the contractor dispose of any material in environmentally sensitive areas, such as in areas of natural habitat or in watercourses.</li> </ul>
<b>Chemical or hazardous wastes</b>	<ul style="list-style-type: none"> <li>• Chemical waste of any kind shall be disposed of at an approved appropriate landfill site and in accordance with local legislative requirements. The Contractor shall obtain needed disposal certificates.</li> <li>• The removal of asbestos-containing materials or other toxic substances shall be performed and disposed of by specially trained and certified workers.</li> <li>• Used oil and grease shall be removed from site and sold to an approved used oil recycling company.</li> <li>• Used oil, lubricants, cleaning materials, etc. from the maintenance of vehicles and machinery shall be collected in holding tanks and removed from site by a specialized oil recycling company for disposal at an approved hazardous waste site.</li> <li>• Used oil or oil-contaminated materials that could potentially contain PCBs shall be securely stored to avoid any leakage or affecting workers. The local DONRE must be contacted for further guidance.</li> <li>• Unused or rejected tar or bituminous products shall be returned to the supplier's production plant.</li> <li>• Relevant agencies shall be promptly informed of any accidental spill or incident.</li> <li>• Store chemicals appropriately and with appropriate labelling</li> <li>• Appropriate communication and training programs should be put in place</li> </ul>

Issues/Risks	Mitigation Measures
	<p>to prepare workers to recognize and respond to workplace chemical hazards</p> <p>Prepare and initiate a remedial action following any spill or incident. In this case, the contractor shall provide a report explaining the reasons for the spill or incident, remedial action taken, consequences/damage from the spill, and proposed corrective actions.</p>
<b>Management of small amounts of sludge</b>	<ul style="list-style-type: none"> <li>• Dredging plan should be established including time schedule, method statement to meet the requirements of traffic safety, public health and environmental sanitation. In order to ensure dredging that is consistent with environmental regulations, key decision makers (local authority, DONRE, utility company, CSC, etc.) must be involved and concur in each key decision point in the process leading to preparation and implementation of a plan.</li> <li>• Characteristics of sludge/sediment should be determined by sampling and analysis if not already fully evaluated during the EIA. Sludge that is heavily contaminated would require measures that go beyond the scope of these ECOPs.</li> <li>• Ensure that dredged material management plans incorporate environmental considerations in the identification of short-term and long-term disposal alternatives, consider methods to reduce dredging, and maximize the beneficial use of dredged materials.</li> <li>• Dredging work should be conducted when water flow is high to allow the dredged materials can be separated into the sediment and the supernatant water (i.e., spoil) by settling.</li> <li>• Lixivate from dredged materials should not be allowed to enter watercourses without appropriate filtering or treatment.</li> <li>• Collected dredged materials have to be processed, as per Vietnamese regulations on waste collection, to ensure safe and environmentally secure transportation, storage, treatment and management</li> <li>• Those involved in handling of sludge should be specialized and have certification of sludge handling. Guidelines for certification of sludge handling is in the Circular No. 12/2011/TT-BTNMT on management of hazardous substance</li> <li>• Sanitary landfill site should meet technical requirements, based on level of potential contamination.</li> </ul>
<b>Vegetation Cover Management</b>	<ul style="list-style-type: none"> <li>• The Contractor shall prepare a Clearance, Revegetation and Restoration Management Plan for prior approval by the Construction Engineer, following relevant regulations. The Clearance Plan shall be approved by Construction Supervision Consultant and followed strictly by contractor. Areas to be cleared should be minimized as much as possible.</li> <li>• The Contractor shall remove topsoil from all areas where topsoil will be impacted on by rehabilitation activities, including temporary activities such as storage and stockpiling, etc.; the stripped topsoil shall be stockpiled in areas agreed with the Construction Supervision Consultant for later use in re-vegetation and shall be adequately protected.</li> <li>• The application of chemicals for vegetation clearing is not permitted.</li> <li>• Prohibit cutting of any tree unless explicitly authorized in the vegetation</li> </ul>

Issues/Risks	Mitigation Measures
	<p>clearing plan.</p> <ul style="list-style-type: none"> <li>• When needed, erect temporary protective fencing to efficiently protect the preserved trees before commencement of any works within the site.</li> <li>• No area of potential importance as an ecological resource should be disturbed unless there is prior authorization from CMS. This could include areas of breeding or feeding of birds or animals, fish spawning areas, or any area that is protected as a green space.</li> <li>• The Contractor shall ensure that no hunting, trapping shooting, poisoning of fauna takes place.</li> </ul>
<b>Traffic Management</b>	<ul style="list-style-type: none"> <li>• Before construction, carry out consultations with local government and community and with traffic police.</li> <li>• Significant increases in number of vehicle trips must be covered in a construction plan previously approved. Routing, especially of heavy vehicles, needs to take into account sensitive sites such as schools, hospitals, and markets.</li> <li>• Installation of lighting at night must be done if this is necessary to ensure safe traffic circulation.</li> <li>• Place signs around the construction areas to facilitate traffic movement, provide directions to various components of the works, and provide safety advice and warning.</li> <li>• Employing safe traffic control measures, including road/rivers/canal signs and flag persons to warn of dangerous conditions.</li> <li>• Avoid material transportation for construction during rush hour.</li> <li>• Passageways for pedestrians and vehicles within and outside construction areas should be segregated and provide for easy, safe, and appropriate access. Signpost shall be installed appropriately in both water-ways and roads where necessary.</li> </ul>
<b>Restoration of affected areas</b>	<ul style="list-style-type: none"> <li>• Cleared areas such as borrow pits no longer in use, disposal areas, site facilities, workers' camps, stockpiles areas, working platforms and any areas temporarily occupied during construction of the project works shall be restored using landscaping, adequate drainage and revegetation.</li> <li>• Start revegetation at the earliest opportunity. Appropriate local native species of vegetation shall be selected for the planting and restoration of the natural landforms.</li> <li>• Spoil heaps and excavated slopes shall be re-profiled to stable batters, and grassed to prevent erosion;</li> <li>• All affected areas shall be landscaped and any necessary remedial works shall be undertaken without delay, including green-spacing, roads, bridges and other existing works</li> <li>• Trees shall be planted at exposed land and on slopes to prevent or reduce land collapse and keep stability of slopes</li> <li>• Soil contaminated with chemicals or hazardous substances shall be removed and transported and buried in waste disposal areas.</li> <li>• Restore all damaged road and bridges caused by project activities</li> </ul>

Issues/Risks	Mitigation Measures
<b>Worker and public Safety</b>	<ul style="list-style-type: none"> <li>• Contractor shall comply with all Vietnamese regulations regarding worker safety.</li> <li>• Prepare and implement action plan to cope with risk and emergency</li> <li>• Preparation of emergency aid service at construction site</li> <li>• Training workers on occupational safety regulations</li> <li>• If blasting is to be used, additional mitigation measures and safety precautions must be outlined in the EMP.</li> <li>• Ensure that ear pieces are provided to and used by workers who must use noisy machines such as piling, explosion, mixing, etc., for noise control and workers protection.</li> <li>• During demolition of existing infrastructure, workers and the general public must be protected from falling debris by measures such as chutes, traffic control, and use of restricted access zones.</li> <li>• Install fences, barriers, dangerous warning/prohibition site around the construction area which showing potential danger to public people</li> <li>• The contractor shall provide safety measures as installation of fences, barriers warning signs, lighting system against traffic accidents as well as other risk to people and sensitive areas.</li> <li>• If previous assessments indicate there could be unexploded ordnance (UXO), clearance must be done by qualified personnel and as per detailed plans approved by the Construction Engineer.</li> </ul>
<b>Chance Find Procedures</b>	<p>If the Contractor discovers archaeological sites, historical sites, remains and objects, including graveyards and/or individual graves during excavation or construction, the Contractor shall:</p> <ul style="list-style-type: none"> <li>• Stop the construction activities in the area of the chance find;</li> <li>• Delineate the discovered site or area;</li> <li>• Secure the site to prevent any damage or loss of removable objects. In cases of removable antiquities or sensitive remains, a night guard shall be arranged until the responsible local authorities or the National Culture Administration take over;</li> <li>• Notify the Project Environmental Officer who in turn will notify the responsible local authorities and the Ministry of Culture, Sports and Tourism immediately (within 24 hours or less);</li> <li>• Responsible local authorities and the Ministry of Culture, Sports and Tourism would be in charge of protecting and preserving the site before deciding on subsequent appropriate procedures. This would require a preliminary evaluation of the findings to be performed by the archaeologists of Ministry of Culture, Sports and Tourism. The significance and importance of the findings should be assessed according to the various criteria relevant to cultural heritage; those include the aesthetic, historic, scientific or research, social and economic values;</li> <li>• Decisions on how to handle the finding shall be taken by the responsible authorities and by Ministry of Culture, Sports and Tourism. This could include changes in the layout (such as when finding an irremovable remain of cultural or archaeological importance) conservation, preservation, restoration and salvage;</li> </ul>



Issues/Risks	Mitigation Measures
	<ul style="list-style-type: none"> <li>• Implementation for the authority decision concerning the management of the finding shall be communicated in writing by relevant local authorities; and</li> <li>• Construction works could resume only after permission is granted from the responsible local authorities or the Ministry of Culture, Sports and Tourism concerning safeguard of the heritage.</li> </ul>

### **Worker Codes of Conduct**

1. All workers and subcontractors shall abide by the laws and regulations of Vietnam.
2. Illegal substances, weapons and firearms shall be prohibited.
3. Pornographic material and gambling shall be prohibited.
4. Fighting (physical or verbal) shall be prohibited.
5. Workers shall not be allowed to hunt, fish or trade in wild animals.
6. No consumption of bush meat shall be allowed in camp.
7. No pets shall be allowed in camp.
8. Creating nuisances and disturbances in or near communities shall be prohibited.
9. Disrespecting local customs and traditions shall be prohibited.
10. Smoking shall be prohibited in the workplace.
11. Maintenance of appropriate standards of dress and personal hygiene shall be in effect.
12. Maintenance of appropriate hygiene standards in accommodation quarters shall be set in place.
13. Residing camp workforce visiting the local communities shall behave in a manner consistent with the Code of Conduct; and
14. Failure to comply with the Code of Conduct, or the rules, regulations, and procedures implemented at the construction camp will result in disciplinary actions.



### Annex 3: Comparison of EIA requirements of World Bank and Vietnam

WB EA requirements (OP4.01, 4.11, and 4.04)	Vietnamese EIA requirements	Comments /Applicability of Vietnamese requirements to RB NUUP-NM
<p><b>Guiding principles</b> <i>OP4.01 statements</i></p> <p>“The Bank requires EA of projects proposed for Bank financing to help ensure that they are environmentally sound and sustainable, and thus to improve decision making”</p>	<p><i>The Law on Environmental Protection (LEP)</i></p> <p><b>Article 1:</b> This Law provides regulations on environmental protection activities, on policies, measures and resources for environmental protection; rights and responsibilities of entities regarding environmental protection.</p> <p><b>Article 3:</b> Environmental protection activities refers to the activities that keep the environment clean and beautiful, that prevent and reduce negative environmental impacts, that respond to environmental hazards that rehabilitate the environment from pollution / degradation, and environmental improvement, biodiversity protection etc...</p> <p><b>Article 4.</b> “Environmental protection should be combined with socio-economic development to ensure sustainable development; environmental protection for the country should adhere to regional and global environmental protection”.</p>	<p>OP 4.01 and the Environmental Law statements agree on sustainable development and environmental protection principles.</p> <p>It is an obligation for the RB NUUP-NM to comply with the Environmental Law of Vietnam which follows sustainable development principles.</p>
<p><i>OP4.01 statements</i></p> <p>“EA is a process whose breadth, depth, and type of analysis depend on the nature, scale, and potential environmental impact of the proposed project”</p>	<p><i>LEP - Decree 29/2011/ND-CP</i></p> <p><b>Article 12:</b> “Projects that EA is required for are listed in Annex II of this Decree”; “Investment Projects with Characteristics, scale, capacity not listed or below the threshold specified in Annex II of this Decree” are required to prepare EPC (Article 29).</p>	<ul style="list-style-type: none"> <li>- OP4.01 and Decree 29/2011 are in agreement that all sub-projects are required to prepare EA based on the level of impacts and risks.</li> <li>- Among the 94 proposed sub-projects, 12 sub-projects are subjected to EA: (a) Dredging of 3 retention lakes with areas &gt; 1 ha; (b) Lining of 5 river embankments with L&gt;1 km, and lining of one drainage channel with L&gt;5 km; and (c) Construction of 3 new bridges with L&gt; 200 m excluding the access road. The remaining 82 sub-projects are subjected to EPC preparation.</li> </ul>

WB EA requirements (OP4.01, 4.11, and 4.04)	Vietnamese EIA requirements	Comments /Applicability of Vietnamese requirements to RB NUUP-NM
		<p>- Some sub-projects such as bridges with length less than 200 m excluding access roads may have greater environmental impacts and risks than the other sub-projects and may therefore need more thorough checking by the Project during implementation.</p>
<p><b>OP4.01 statements</b></p> <p>...”EA evaluates a project's potential environmental <b>risks and impacts</b> in its <b>areas of influence</b>;</p>	<p><i>LEP - Decree 29/2011/ND-CP</i>  <b>Article 17:</b> Requirements on the key contents of EA report: 1. “d) Assess and predict the potential impacts of the proposed project onto the physical environment, on components of the natural environment, and on related socio-economic factors taking into account inputs from public consultation”</p> <p><b>Annex II</b> provides a list of project types which require preparation of an EA.  <b>Annex III</b> specifies the types of projects which require the EA to be appraised by MONRE.</p> <p><i>LEP - Decree 29/2011/ND-CP - Circular 26/2011/BTNMT</i>  <i>Annex 2.5 specifies the requirements of each section of the EA report</i>  Chapter 3, section 3.1.1 - Environmental Impacts Assessment  Chapter 3, section 3.1.4 - Impacts Assessment for stages other than preparation, construction and operation, such as removal, closure, environmental rehabilitation and other activities that may cause environmental impacts.</p>	<p>OP 4.01 tends to state general requirements from a broad perspective while Vietnamese requirements tend to give detailed instructions.</p> <p>Decree 29 and Circular 26 give sufficient details to guide the understanding of the concepts related to risks, impacts and areas of influence.</p> <p>EAs of RB NUUP-NM sub-projects will follow the instructions given in Circular 26 for impacts and risks assessment for the areas potentially affected by the project.</p> <p>However, OP 4.01 focuses on the risks, impacts and areas of influence of sub-projects while Decree 29 tends to consider the types of projects. Therefore, the OM should include a mechanism for impact screening for sub-projects, particularly for sub-projects with higher uncertainty relating to the potential impacts such as new bridges</p>

WB EA requirements (OP4.01, 4.11, and 4.04)	Vietnamese EIA requirements	Comments /Applicability of Vietnamese requirements to RB NUUP-NM
	<p><i>Annex 5.2 -key contents of EPC:</i>  Chapter 2: "...specify receiving bodies of wastewater, gases; ...Describe waste generated,...wastewater, gases, solid wastes, other wastes..." and "... briefly describe other potential impacts such as erosion, landslide, soil subsidence, embankment erosion, sedimentation of rivers, salinity intrusion, microclimate changes etc.  ...waste treatment, mitigation measures for other impacts"  Chapter 3, section 3.1.5 –Assess risks and accidents</p>	
<p><b>OP4.01 statements</b>   examines project alternatives; ... identifies ways of improving project selection, siting, planning, design, and implementation</p>	<p><i>LEP - Decree 29/2011/ND-CP - Circular 26/2011/BTNMT</i>   <b>Annex 2.5 specifies the requirements on each section of EA report</b>  Chapter 1, section 1.3 - Geographical Location requires presentation on "alternatives of project siting (if applicable) and selected option"...  Chapter 3, section 3.1.1 -Environmental Impacts <b>Assessment</b> "analyse and assess the advantages and disadvantages of the environmental aspects of each option for project siting (if applicable)</p>	<p>The requirements for alternative analysis for project siting are the same for OP 4.01 and Circular 26/2011/BTNMT. EAs of RB NUUP- NM sub-projects will follow the instructions given in Circular 26.  Circular 26 does not explicitly mention design, however the RB NUUP-NM can provide guidance on the way to improve design and implementation through OM.</p>
<p><b>OP4.01 statements</b>   ... preventing, minimizing, mitigating, or compensating for adverse environmental impacts and enhancing positive impacts;</p>	<p><i>LEP - Decree 29/2011/ND-CP - Circular 26/2011/BTNMT</i>   <b>Annex 2.5 – specify requirements on each section of EA report</b>  Chapter 4 – preventive and mitigation measures for potential negative impacts, prevention and response to</p>	<p>Vietnamese legislation is limited to preventive and mitigation measures while OP4.01 also covers minimising, compensatory measures and positive impact enhancement.   The preventive and mitigation principles cover all phases throughout project implementation in both OP4.01 and</p>

WB EA requirements (OP4.01, 4.11, and 4.04)	Vietnamese EIA requirements	Comments /Applicability of Vietnamese requirements to RB NUUP-NM
.... includes the process of mitigating and managing adverse environmental impacts <b>throughout project implementation.</b>	<i>hazard</i> <i>This chapter specifies that the preventive and mitigation measures will be presented under subsections for each phase</i> <i>Preventive and Mitigation Measures</i> <i>Project Preparation</i> <i>Construction</i> <i>Operation</i> <i>Other phases (if applicable)</i> <i>Risk and Hazard Prevention and Responses</i> <i>Project Preparation</i> <i>Construction</i> <i>Operation</i> <i>Other phases (if applicable)</i>	Circular 26/2011.  EAs of RB NUUP-NM sub-projects will follow the instructions given in Circular 26, which requires that the prevention and mitigation measures are considered for all stages of project implementation
<b>OP4.01 statements</b>  EA takes into account the natural environment (air, water, and soil); human health and safety; social aspects (involuntary resettlement, indigenous peoples, and physical cultural resources);	<b>LEP - Decree 29/2011/ND-CP - Circular 26/2011/BTNMT</b>  <i>Annex 2.5 – specifies requirements on each section of EA report</i> <b>Chapter 1 Project Description:</b> This chapter covers natural features such as water bodies, land and mountains, conservation areas, socio-economic features in the project areas such as residential areas, urban centres, production/business/service entities, cultural/religious, historical features etc. <b>Chapter 2. Baseline</b> Section 2.1 Physical environment: This section covers baseline conditions including geography and geology, meteorology, hydrology and components of the physical	OP4.01 and Circular 26/2011 covers all aspects of the environment including physical, socio-economic and cultural.  EAs of RB NUUP-NM sub-projects will follow the instructions given in Circular 26 which allow for adequate social and environmental aspects be considered.

WB EA requirements (OP4.01, 4.11, and 4.04)	Vietnamese EIA requirements	Comments /Applicability of Vietnamese requirements to RB NUUP-NM
	<p>environment (air, water, soil)</p> <p>Section 2.2.2 – Social background: “mentions population, characteristics of ethnic groups, name and location of cultural/religious/historical structures, residential clusters, urban centres and other relevant structures located within the project areas or areas potentially affected by the project.</p>	
<p>... It also takes into account ... the country's overall policy framework, national legislation, and institutional capacities related to the environment and social aspects.</p>	<p><i>LEP - Decree 29/2011/ND-CP - Circular 26/2011/BTNMT</i></p> <p><i>Annex 2.5 – specify requirements on each section of EA report</i></p> <p><i>Executive Summary</i></p> <p><i>Section 1 – Project origin:</i></p> <p>1.3 The relationship between the project with development plans appraised and approved by relevant authorities</p> <p>Section 2 – Legal and technical basis</p> <p>Provide a list of legal and technical documents as the basis for EA</p> <p>Section 4: EA arrangements</p> <p>Provide a list of the EA team including members as well as Project owners and consultants, specify the qualifications of each member</p>	<p>EAs of RB NUUP- NM subprojects will follow the instructions given in Circular 26, that allows the country's overall policy framework, national legislation, and institutional capacities related to the environment and social aspects are taken into account</p>

WB EA requirements (OP4.01, 4.11, and 4.04)	Vietnamese EIA requirements	Comments /Applicability of Vietnamese requirements to RB NUUP-NM
<p><b>OP 4.11</b> The borrower <b>addresses impacts on physical cultural resources...as an integral part of the environmental assessment (EA) process.</b> The steps elaborated below follow the EA sequence of: <b>screening; developing terms of reference (TORs); collecting baseline data; impact assessment; and formulating mitigating measures and a management plan.</b></p>	<p><i>LEP - Decree 29/2011/ND-CP - Circular 26</i> <b>Annexes 2.5</b> (contents of EA report) <b>and 5.2</b> (contents of EPC document) require screening for the present of known physical cultural resources in the project area as part of discussions on geographical characteristics of the project area "...cultural, historical, religious structures and objects etc..." were explicitly spelled out</p> <p><i>The Law on Cultural Heritage</i> <b>Article 8:</b> cultural heritages present within the territory of Vietnam, regardless of in-country or external origin, regardless of ownership, all are protected and values are promoted <b>Article 32</b> specifies zoning of protected areas for PCRs <b>Article 36</b> specifies that at appraisal stage for projects located outside the protection zone of PCR with potential environmental impacts including impacts on the landscape of the area, written appraisal documentation prepared by the relevant cultural management authorities is required.</p>	<p>EAs of RB NUUP-NM sub-projects will follow the instructions given in Circular 26, which allows PCRs to be screened at the EA stage so that potential impacts can be avoided, assessed and mitigated in a timely manner</p>
<p><b>OP4.04 statements</b></p> <p>The Bank does not support projects that, in the Bank's opinion, involve the significant conversion or degradation of critical natural habitats.</p>	<p><b>The revised Law on Biodiversity Protection (2008)</b></p> <p>78 Articles presented under 8 Chapters provide detailed regulations on biodiversity conservation and the rights and responsibilities of individuals and entities on biodiversity conservation and promotion.</p> <p><b>Article 3:</b> <i>Biodiversity conservation</i> means the protection</p>	<p>Primary screening of sub-projects shows that no sub-projects will affect legally protected areas specified in the revised Law on Biodiversity Protection.</p> <p>No subprojects will affect areas specified in item 2 of Annex 3, Decree 29 that requires MONRE appraisal of EA.</p>

<b>WB EA requirements (OP4.01, 4.11, and 4.04)</b>	<b>Vietnamese EIA requirements</b>	<b>Comments /Applicability of Vietnamese requirements to RB NUUP-NM</b>
<p>Wherever feasible, Bank-financed projects are sited on lands already converted (excluding any lands that in the Bank's opinion were converted in anticipation of the project).</p> <p>If the environmental assessment<sup>4</sup> indicates that a project would significantly convert or degrade natural habitats, the project includes mitigation measures acceptable to the Bank. Such mitigation measures include, as appropriate, minimizing habitat loss (e.g., strategic habitat retention and post-development restoration) and establishing and maintaining an ecologically similar protected area.</p>	<p>for the diversity of critical, typical or representative ecological systems, to protect permanent or seasonal natural habitats of wildlife, environmental landscape, unique natural beauty etc.</p> <p><b>Article 16:</b> Conservation areas include national parks, biosphere conservation area, areas for species and habitat and landscape conservation.</p> <p><b>LEP - Decree 29/2011/ND-CP –Annex 3</b></p> <p>Projects with EA subjected to MONRE appraisal</p> <p>“2. Projects using land within national parks, nature reserves, world heritage sites, classified historical/cultural/landscape conservation sites, and areas within biosphere conservation areas”</p> <p><b>The Law on Forest Protection and Management</b> also covers protection of specialized forests, which was defined as forests for biodiversity, ecological and landscape protection purposes.</p>	<p>Preliminary screening found that affected areas of sub-projects will be existing urban land or peri-urban land and agricultural land.</p> <p>However, OP 4.01 focuses on the risks, impacts and areas of influence of sub-projects while Decree 29 considers the types of projects. Therefore, the OM should include a mechanism for impacts screening for sub-projects, particularly for sub-projects where there is a higher uncertainty over the potential impacts such as new roads or bridges</p>

#### Annex 4: Environmental and Social Assessment and Action Plan Summary

**Core Principle 1: Environmental and social management procedures and processes are designed to: (a) avoid, minimize or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program's environmental and social effects.**

Key Elements	System Requirements	Key Findings	Recommendations
1.1 Program procedures are backed by an adequate legal framework and regulatory authority to guide environmental and social impact assessments at the Program level	The Constitution (Articles 29 and 31) and various laws, including the LEP, provide provisions relevant to the core principles. The LEP stipulates: (a) formulation and application of environmental standards (Article 8); (b) strategic environmental assessment, environmental impact assessment, and environmental protection commitment (Chapter III, Articles 14-27); (c) Promotion of conservation and rational use of natural resources including nature conservation (Article 29), biodiversity protection (Article 30), protection physical cultural resources (Article 4) and development of natural landscape (Article 31); (d) environmental protection in production business and service activities (Articles 35-41, 49); (e) environmental protection in urban centers and residential areas (Article 50-54); (f) environmental protection in marine, river and other water resource environment; (g) waste management, including hazardous waste management (Articles 66-82), and management and control of dust, gases, noise, vibration, light and radiation (Articles 83-85); (h) prevention of and response to environmental incidents, and	Lack of political will and low capacity of project proponents, contractors, consultants, and appraisal authorities in the implementation of environmental regulations.  This results in limited integration of environmental and social considerations in programs, strategies and urban master plans.	Support capacity building programs including basic orientation, skills development and on-the-job trainings for DONREs and city Environmental Divisions.  Recruit and maintain a qualified environmental specialist engaged at central level to provide technical advisory to the PMUs in the early stage of the Program and to prepare an environmental training plan for the Program.  The environmental training plan should cover all key stakeholders including PMU Environmental Officers, construction supervisors, and contractor site engineers.



**Core Principle 1: Environmental and social management procedures and processes are designed to: (a) avoid, minimize or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program’s environmental and social effects.**

Key Elements	System Requirements	Key Findings	Recommendations
	remedy of environmental pollution and rehabilitation of environment (Articles 86-93); (i) environmental monitoring and information (Articles 94-105) including grassroots democracy in environmental protection (Article 105); (j) resource for environmental protection (Articles 106-117); (k) responsibilities of state and organizations for environmental protection (Article 121-124); and (l) inspection, handling of violation, settlement of complaints and denunciation related to environment, and compensation for environmental damage (Articles 125-134).		
1.2. Incorporate recognized elements of environmental and social assessment good practice, including: 1.2a Early screening of potential effects	A screening process is in place and based on the list of projects contained in Decree 29/2011, and consists of the following categories: (a) strategies, planning subject to detailed strategic environmental assessment (Appendix I, Decree 29/2011); (b) projects that require the preparation of a full EIA (Appendix II, Decree 29); (c) projects subject to EPC with limited environmental analysis; and (d) projects that do not require an environmental assessment.  EA is conducted early - at the same time as the feasibility study.	All Program infrastructure investments have reduced or delegated environmental review requirements under the regulatory framework. Some of the infrastructure sub-projects are required to prepare EIAs, all of which will qualify for delegated review and appraisal by the provincial level agency—DONRE.	Engage an environmental specialist(s) at central level to review TORs for environmental assessment of sub-projects.  Each PMU should be staffed with at least one Environmental Officer with relevant background and/or experience to overview the environmental process applied.  Where technical review by an independent consultant is arranged,

**Core Principle 1:** Environmental and social management procedures and processes are designed to: (a) avoid, minimize or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program’s environmental and social effects.

Key Elements	System Requirements	Key Findings	Recommendations
	<p>Decree 29/2011, and Circular 26/2011. Competent environmental authorities review all category A, B and C projects for their potential impacts and the scope of the EIA, or a limited environmental analysis.</p> <p>SEA is mandatory (Article 14, of the LEP);</p> <p>EIA is mandatory (Article 18, LEP); EPC is required for household-based production, business or service establishments and entities not defined in Articles 14 and 18.</p>	<p>The small scale sub-projects are only required to prepare EPCs for review by city level Environmental Division and approval is provided by CPC.</p>	<p>review of EIA should also be included.</p>
<p>1.2b consideration of strategic, technical, and site alternatives (including the “no action” alternative)</p>	<p><b><i>Annex 2.5 of Circular 26/2011/BTNMT specifies the contents in each sections of EA report</i></b></p> <p>Chapter 1 - Geographical Location. In section 1.3, it is required that presentation on “alternatives of project siting (if applicable) and selected option”...</p> <p>Chapter 3, -Environmental Impacts Assessment. In section 3.1.1, it requires “analyse and assess the advantages and disadvantages of the environmental aspects of each option for project siting (if applicable).”</p>	<p>There is often a high degree of reluctance to critically evaluate alternatives from an environmental point of view or carry out any significant modifications to project location or design at this stage.</p>	<p>As appropriate, recommend that TOR for EIA should include explicit consideration of alternatives including the no-project alternatives.</p> <p>Design specifications including environmental management considerations such as alternatives relating to sub-project location or design of roads, bridges, drainage and other infrastructure works.</p>

**Core Principle 1:** Environmental and social management procedures and processes are designed to: (a) avoid, minimize or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program's environmental and social effects.

Key Elements	System Requirements	Key Findings	Recommendations
	<p><i>Annex 1.2 of Circular 26/2011/BTNMT specifies:</i></p> <p>At the strategy, planning, and plan level, the EA regulation requires that the SEA report assess and compare different development options for the strategies and plans (Decree 29/2011/ND-CP, Article 5), including trend analysis of the major environmental issues in case no strategy or plan will be implemented</p>		
1.2c explicit assessment of potential induced, cumulative and trans-boundary impacts;	Cumulative impact assessments have not been explicitly required in the LEP and Decree 29/2011. Experiences indicate that most projects usually overlooked or inadequately assessed cumulative effects.	Only generic potential impacts are discussed. Most commonly direct impacts are assessed: assessment of indirect impacts is generally weak. Induced, cumulative and trans-boundary impacts are not covered	<p>Consideration of cumulative impacts with EIA is a desirable long term objective which should be recommended to project authorities, especially when considering larger infrastructure projects such as the Yen Bai bridge which is justified on the grounds that it will support long term expansion of the city.</p> <p>Environmental management can be improved by including in the bidding documents, environmental clauses to request contractors to reduce negative impacts during construction phase.</p>
1.2d Identification of measures to mitigate	Circular 26/2011 provides guidance on the required scope of EIA documents. It is rather	The 26/2011 does not include requirements for: (a) the	The Program Operational Manual (POM) will advise PMUs on ensuring proper

**Core Principle 1:** Environmental and social management procedures and processes are designed to: (a) avoid, minimize or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program’s environmental and social effects.

Key Elements	System Requirements	Key Findings	Recommendations
adverse environmental or social impacts that cannot be otherwise avoided or minimized.	comprehensive and expects typical EIA reports to cover: description of the existing environment; description of the project; environmental impact scoping and assessment; and environmental management and monitoring program including responsibilities and budget.	<p>detailed consideration of socio-economic impacts; (b) analysis of project alternatives, though description of site selection options is required; and (c) consideration of cumulative and strategic impacts.</p> <p>Practice shows that in many cases, site selection was decided before EIA or EPC is initiated.</p>	<p>construction practices following Vietnamese Law on Civil Works to mitigate temporary construction impacts.</p>
1.2e Clear articulation of institutional responsibilities and resources to support implementation of plans.	Institutional responsibilities and resources for preparation, implementation monitoring, and inspection are clearly spelled out by relevant regulations (Article 37, Decree 29/2011).		<p>Provide technical assistance to strengthen the expertise for the monitoring and inspection agencies to enforce post-EIA responsibilities of project owners by involving their participation in the Program.</p> <p>Environmental performance indicators on post EA compliance can be developed to help the local authorities enforce environmental safeguard implementation.</p> <p>Mitigation measures to be included in the bidding documents and contracts for</p>

**Core Principle 1:** Environmental and social management procedures and processes are designed to: (a) avoid, minimize or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program’s environmental and social effects.

Key Elements	System Requirements	Key Findings	Recommendations
			<p>the detailed design and construction.</p> <p>Develop mechanisms to strengthen compliance of the project owners to post EIA/EPC responsibilities such as monitoring and reporting with compliance indicators.</p> <p>Contractors failing to fully comply with the environmental obligations stated in the contract could be subject to performance penalties.</p>
1.2f Responsiveness and accountability through stakeholder consultation, timely dissemination of Program information, and through responsive grievance redress measures.	Public consultation with relevant stakeholders, local authorities, representatives of communities and organizations directly affected by projects is required (Article 5 for SEA, and Article 14, Decree 29/20110 for EIA,). Guideline on public consultation is provided by the regulation (Article 15, Decree 2009/2011). Disclosure of environmental management plan is only granted after approval of EIA or EPC.	<p>The timing and number of consultations are not clearly stated in the EIA regulation.</p> <p>No public consultation is required in preparation of the EPC.</p> <p>No mechanism for access of information with regards to SEA, EIA, EPC.</p> <p>There is no requirement for open public involvement and no requirement or detailed guidance provided on more</p>	<p>Make continuous consultation with local communities a requirement under engineering design contracts.</p> <p>PMUs should encourage local counterparts to disclose information pertinent to the project on public websites or other information sources.</p> <p>PMUs should be instructed to coordinate with local authorities to arrange for community monitoring.</p>

**Core Principle 1:** Environmental and social management procedures and processes are designed to: (a) avoid, minimize or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program’s environmental and social effects.

Key Elements	System Requirements	Key Findings	Recommendations
		<p>effective consultation methods.</p> <p>The fact that consultation is conducted through the local government (commune Peoples’ Committee) limits objective outcomes of consultation because in most cases CPC is under pressure from the higher level of government to agree with projects.</p>	

**Core Principle 2:** Environmental and social management procedures and processes are designed to avoid, minimize and mitigate against adverse effects on natural habitats and physical cultural resources resulting from the Program.

Key Elements	System Requirements	Key Findings	Recommendations
2.1 Includes appropriate measures for early identification and screening of potentially important biodiversity and cultural resource areas.		<p>This ESSA details the areas within participating cities of potential importance for biodiversity or cultural resources.</p> <p>Preliminary identification of sub-projects within the</p>	<p>There is a need to improve the screening criteria for the projects under the Program. More detailed initial guidance will be developed for the Program in which the sub-project type, scale, location, sensitivity, and the nature and magnitude of potential impacts will be</p>

		<p>Program can be screened against the very limited areas of potential interest.</p> <p>Although there is no clear legal guidance on the application of these criteria, they will apply within the Program context.</p>	identified to classify the proposals.
<p>2.2 Supports and promotes the conservation, maintenance, and rehabilitation of natural habitats; avoids the significant conversion or degradation of critical natural habitats, and if avoiding the significant conversion of natural habitats is not technically feasible, includes measures to mitigate or offset impacts or Program activities.</p>		<p>In general, the scope and nature of the sub-projects under the Program will not impinge on natural habitats.</p> <p>Some projects such as the Yen Bai bridge and greenfield roads may have impacts on natural habitats of local importance such as forested areas, small streams and wetlands.</p>	<p>EIA and EPC should identify potential risks to habitats and EMP should include explicit requirements for avoidance and minimizing habitat loss and post construction rehabilitation.</p>
<p>2.3 Takes into account potential adverse effects on physical cultural property and, as warranted, provides</p>		<p>The scope and nature of the sub-projects under the Program is such that adverse effects on physical cultural property can usually be</p>	

adequate measures to avoid, minimize, or mitigate such effects.		avoided.	
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**Core Principle 3: Program procedures ensure adequate measures to protect public and worker safety against the potential risks associated with: (a) construction and/or operations of facilities or other operational practices developed or promoted under the Program; and (b) exposure to toxic chemicals, hazardous wastes and otherwise dangerous materials.**

Key Elements	System Requirements	Key Findings	Recommendations
3.1 Ensures adequate community, individual and worker safety through the safe design, construction, operation and maintenance of physical infrastructure, or in carrying out activities that may be dependent on such infrastructure with safety measures, inspections or remedial works incorporated as needed.	<p>There is adequate legal framework for the protection of public and worker safety against potential risks. Regulations related to these issues available in various Laws such as Vietnam Labor Codes 1994.</p> <p>Decree 06/ND-CP dated January 20, 1995 elaborating some provisions of the Vietnam Labor Law on Occupational safety and health stipulates that “employers provide the workers with sufficient personal protective devices and to carry out other measures ensuring occupational safety and health for them in conformity with laws and regulations”.</p> <p>Decree 110/2002/ND-CP dated 27 December 2002 on amending and supplementing a number of Decree 06/ND-CP dated January 20, 1995 elaborating some provisions of the Vietnam Labor Law on Occupational safety and health.</p>	Workers health and safety is not considered to be a priority issue to the contractors in ongoing road/ bridge projects. Experiences in the ongoing construction projects also support the above observations.	<p>Incorporation of legal requirements into contracts and contract supervision to mitigate against the associated risks.</p> <p>Closer monitoring of construction activities; increase capacity to enhance environmental performance of contractors, relating to worker health and safety.</p>



**Core Principle 4: Land acquisition, displacement and loss of access to resources is avoided or minimized; and affected people are assisted in improving, or at least restoring, their livelihoods and living standards**

Key Elements	System Requirements	Key Findings	Recommendations
4.1 Avoid or minimize land acquisition and related adverse impacts;	No specific article addressing this issue.  National regulations and policies require strict control over projects acquiring agricultural land (art. 9, resolution 57/2006/QH11 and decision No. 391/QD-TTg dated on April 18, 2008; and article 9, decree 69/2009/ND-CP).	Minimization of land acquisition is not conducted in a systematic manner during project preparation, but mostly done on an ad hoc basis, often when difficulties appear.	The Program Action Plan should stipulate that participating cities will ensure that land acquisition and related adverse impacts are avoided or minimized and that people affected by loss of assets or land, or income streams, will be compensated so that they are no worse off than before that loss, and if possible better off.
4.2 Identify and address all economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people who may lack full legal rights to assets or resources they use or occupy;	Socio-economic impacts of a given program could be identified through the procedures and guidelines described in article 30 in decree 69 dated on August 13 <sup>th</sup> 2009. This article laid out very detailed contents for the compensation and resettlement plan (including inventory of losses, compensation, resettlement, relocation of public infrastructures, information disclosure and finalization of such plan).	The compensation price is not the replacement cost. The price paid for land compensation is usually determined by the Provincial People's Committee on an annual basis.  Entitlement and compensation depend on the magnitude of the impact, legality of affected land, structure quality and land use (article 38, 2003 Land Law).	In addition, an efficient and independently verifiable mechanism should be developed to assess the market value of lost land, other assets and income streams to determine adequate means to restore livelihoods of affected people and to ensure it is reflective of market value.  This measure should be covenanted in the Financing Agreement.
4.3 Provide prior compensation sufficient to purchase replacement assets of equivalent	Land for land compensation is a priority. If land is not available, the cash compensation rate must reflect market value. Taxes, fees are exempted for people relocated to the sub-project resettlement	National law provides for compensation rates to reflect market value. However, the provincial rate announced	Where feasible, cities should use supplemental payments for livelihood support and other assistance to ensure total compensation is adequate to ensure affected people are not made worse off.

**Core Principle 4: Land acquisition, displacement and loss of access to resources is avoided or minimized; and affected people are assisted in improving, or at least restoring, their livelihoods and living standards**

Key Elements	System Requirements	Key Findings	Recommendations
value and to meet any necessary transitional expenses, paid prior to taking of land or restricting access;	<p>site.</p> <p>Compensation for structures is equal to the newly-built structure cost.</p> <p>Compensation payment must be done before land clearance.</p>	<p>annually is not always reflective of market value creating risks for affected people.</p> <p>At district level the rate used is not necessarily the one at provincial level and there is inconsistency on to whether the used rate is reflective of market value.</p>	
4.4 Provide supplemental livelihood improvement or restoration measures if taking of land causes loss of income generating opportunity (e.g., loss of crop production or employment)	In principle, the 2003 Land Law required that the resettlement condition of new resettlement areas must be better or at least equal to the original living condition and the resettlement area must be planned as part of the whole provincial plan with access to good infrastructure. Income restoration measures must also be provided.	Supplemental measures are provided for livelihood restoration but no monitoring or follow-up actions taken after measure delivery.	
4.5 Restore or replace public infrastructure and community services that may be adversely affected.	Article 28.3 (decree 69/2009/ND-CP) provided that affected technical and social infrastructures will be compensated as newly built ones in accordance with the standard of competent ministries.	No significant gaps	

**Core Principle 5: Due consideration is given to cultural appropriateness of, and equitable access to, Program benefits, with special emphasis provided to rights and interest of indigenous peoples, as well as the needs or concerns of vulnerable groups**

Key Elements	System Requirements	Key Findings	Recommendations
5.1 Free, prior, and informed consultation are undertaken if indigenous people are potentially affected (positively or negatively) to determine whether there is broad community support for Program activities.	The Decree No. 05/2011/ND-CP of January 14 <sup>th</sup> 2011 on activities related to Ethnic Minorities specified various supports to the maintenance of language, culture, customs and identities of these groups (article 3).	While the legal framework is robust, the implementation of the regulations related to Ethnic Minorities, information disclosure, information and social participation at the local level is not consistent with the policy (i.e., lack of accountability due to limited information flowing to cities, participation of Ethnic Minorities in decision making remains limited).	<p>The Program Action Plan should stipulate that the MoC and the participating cities will jointly develop guidelines to ensure the effective participation of and consultation with local people, including Ethnic Minorities and vulnerable groups, in the investment process.</p> <p>The guidelines, to be implemented by participating cities, should fully operationalize existing Vietnamese Legislation with respect to Ethnic Minorities through a process of free, prior, and informed consultations.</p>
5.2 Ensure that indigenous peoples can participate in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge, the latter to include the consent of indigenous people.	All projects affecting land, environment, life of Ethnic Minority communities, to perform information disclosure and consultations with representatives of the local authorities, affected people, ensuring that affected people will be resettled (where unavoidable) in a better condition and in a culturally appropriate manner (article 9).	Participation of Ethnic Minorities in decision making remains limited.	The Program Action Plan should be covenanted in the Financing Agreement.

**Core Principle 5: Due consideration is given to cultural appropriateness of, and equitable access to, Program benefits, with special emphasis provided to rights and interest of indigenous peoples, as well as the needs or concerns of vulnerable groups**

Key Elements	System Requirements	Key Findings	Recommendations
5.3 Program planning and implementation includes attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, the elderly, or marginalized ethnic groups. If necessary, special measures are taken to promote equitable access to Program benefits.	This element is fully covered under the existing policy framework of Vietnam. This Program itself also targets the poor and Ethnic Minority communes to enhance their accessibility to the basic social services such as piped water. In addition, poor and Ethnic Minority people are also benefiting from various government-funded programs such as: Program 134, 135; New Rural Development Program 2010-2020; Program for most difficulty districts (Program 30a).	No significant gaps	

**Core Principle 6: Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.**

Key Elements	System Requirements	Key Findings	Recommendations
6.1 Considers conflict risks, including distributional equity and cultural sensitivities	N/A	N/A	N/A

## Annex 5: Photos of Proposed Sub-project Areas

Proposed embankment lining for a stream in Yen Bai for slope stabilization and to prevent encroachment by residents



A bridge has been proposed at this location in Thai Nguyen



Urban development near the proposed access to the bridge on one river bank



Road rehabilitation proposed in Tuyen Quang to improve accessibility and reduce accident risk at junction for local people



Typical, traditional house of Tay people in Bac Kan will be avoided when siting the alignment of bridge access road



Some houses will need relocation; but 100 year old tree and temple will remain



Proposed bridge in Hoa Binh



Improving drains, road and lighting in LIA proposed in Bac Kan



Dredging/excavation proposed in retention lake (Thai Nguyen); cultivation in dry season

