INTEGRATED SAFEGUARDS DATA SHEET APPRAISAL STAGE

Report No.: 96333

Date ISDS Prepared/Updated: MAY 1, 2015

I. BASIC INFORMATION

1. Basic Project Data

Country:	Socialist	Republic	of	Project ID:	P152797
•	Vietnam	•			
Project Name:	Partnership for Market Readiness in the Socialist Republic of Vietnam				
Task Team Leader:	Christophe Crepin				
Estimated Appraisal	May 11, 2015 Estimated Bank June, 2015				
Date:				Approval Date:	
Managing Unit:	GENDR			Lending	Investment Project
	:			Instrument:	Financing
Sector:	General Public Administration (50%), General Industry and Trade (25%),				
		e Managemen	t (109	<u>(6)</u>	
Theme:	Climate change (100%)				
Is this project	No				
processed under OP	1				
8.50 (Emergency			,		
Recovery) or OP					
8.00 (Rapid	:				
Response to Crises					
and Emergencies)?	<u> </u>				
Financing (In USD M	illion)				
Financing Source Amount					
Borrower				0.60	
Partnership for Market Readiness		3.00			
Total				3.60	
Environmental	C - Not Re	quired			
Category:					
Is this a Repeater	No				
project?					
Is this a Transferred project?	No				

2. Current Project Development Objectives

The Project Development Objective (PDO) is to assist the Government of Vietnam to progressively become equipped with selected information, technical capacity, and policies that guide the development of market-based instruments to reduce greenhouse gas (GHG) emissions in the country.

3. Project Description

Background for the PMR. The PMR is a grant-based, multi-donor trust fund that provides capacity building, technical assistance and grant funding for innovating and piloting market-based instruments (MBIs) to reduce GHG emissions. It provides a platform for technical discussions, policy exchange, and collective innovation on new market instruments, fostering North-South and South-South exchange to facilitate financial flows that lead to scaled-up GHG mitigation actions. The PMR also creates and shares knowledge products on market instruments and lessons learned.

Proposed PMR activities for implementation phase. The Project Development Objective (PDO) will be delivered through three complementary components that will work towards developing the Government's core technical, policy and institutional regulatory market readiness to reduce GHG emissions in the country. This will be conducted through essential capacity development and improved data management at the central level, sustained stakeholder engagement to ensure efficient and effective leadership and implementation, and the design and preparation of selected elements of MBIs in selected sectors to inform future carbon pricing approaches. The efforts towards preparing for and designing sector-specific MBIs in this project (Component 2) will work in parallel with the development of policy and management tools for carbon pricing readiness (Component 1), both of which will prioritize "no-regret measures" that would be beneficial irrespective of future policy decisions and of the evolution of international climate negotiations.

Given the above, the proposed project is designed to comprise three project components as follows:

Component 1: Strengthening capacity for developing carbon pricing approaches, including through supporting priority building blocks for MBIs (USD 1.105 million)

The first component will support the analytical works and institutional capacity building to facilitate future development of carbon pricing policy approaches, including MBIs. This component focuses on evaluating carbon pricing options for Vietnam and assessing and developing the technical, policy and management tools available to the Government for MBI implementation.

Proposed Support from PMR. The PMR support activities will include:

- 1. Assessing the overall institutional, policy, and technical gaps and opportunities for designing and implementing carbon pricing approaches in Vietnam. This will be conducted through three main activities: i) analysis and evaluation of market-based carbon pricing approaches [including crediting Nationally Appropriate Mitigation Actions (NAMAs), emissions trading, and carbon taxes] applicable in Vietnam and definition of relevant sectoral scopes for these approaches; ii) research and formulation of financial mechanisms and policies needed to mobilize support from private sector, bank and credit funds including international sources, such as the Green climate Fund, to establish and implement carbon pricing approaches in accordance with instruments recommended in the preceding activity; and iii) preparation of a mid-term action plan to help the Government of Vietnam to prepare and establish policy, legal. institutional and administrative infrastructure and financial mechanisms to establish and implement the recommended market-based carbon pricing approaches including establish clear pathways from piloting of crediting NAMAs in priority sectors towards establishing more comprehensive market-based approaches. These activities will work to inform the Government and relevant stakeholders of the options available to the Government to employ carbon pricing policies.
- 2. Development of the main building blocks for recommended market-based carbon pricing approaches at the national level, with focus on the data collection, MRV-related components and the crediting process. This sub-component includes four main activities: i) supporting the development of the national systems for GHG emissions data collection, reporting and management through the improvement of the national GHG emissions inventory process to

support the design and development of market-based carbon pricing approaches; ii) developing the guiding principles for the national MRV and registry systems to ensure transparent accounting and tracking use of emission reductions that could be achieved through implementation of market-based carbon pricing approaches, mainly the crediting NAMAs in Vietnam (e.g. in steel sector and solid waste sector); iii) supporting the development of national principles and criteria for credited NAMAs, including the participation requirements, approval processes, accreditation of independent verification entities, outline of quantification approaches (e.g. baseline setting and crediting thresholds where applicable) and general approach to net mitigation.; (iv) stakeholder training on carbon pricing approaches including organized training and capacity building workshops on requirements for credited NAMA, and dissemination, awareness raising for implementing GHG emission reduction and trading of carbon credits (at the central, sectoral and local levels). These aim to support the Government in developing the institutional and technical capacity to enhance the country's readiness for the implementation of MBIs and for the development of measurement, reporting, and verification (MRV) activities.

Component 2: Readiness to pilot selected market-based instruments (USD 1.52 million)

Through this component, the GoV will lay the foundation for piloting and implementing market-based instruments, through selected sectors. The selection of sectors and activities to be covered during the implementation of the Project was primarily based on three criteria: competitiveness, cost-effectiveness, and donor coordination and avoidance of overlap with existing initiatives. In additional to these factors, the Government has also considered alignment with Vietnam's climate change and green growth strategies, interest of stakeholders in the sectors, sector experience with MBIs, and technical and MRV capacity. As a result, the Government has selected the steel and solid waste sectors for this project.

Proposed Support from PMR. The PMR will support the following activities:

- 1. Designing a pilot for selected elements of MBIs in the steel sector. This sub-component will include four main activities: i) designing and developing data collection and data management system and MRV in steel sector in accordance with a selected crediting instrument in the steel sector; ii) developing a credited NAMA for steel sector, including the choice of the crediting instrument [sectoral crediting or project/Programme of Activities (PoA)-based implementation], main building blocks; and implementation of a pilot of a GHG emissions database and voluntary reporting system in steel sector; iii) developing an action plan for mid- to long-term market-based carbon pricing approach in the steel industry (including participation in a potential domestic Emissions Trading Scheme) in coordination with the work on the national level Action Plan being developed under Component 1, activity 1 (iii); and (iv) capacity building for stakeholders involved in the implementation of MBI(s) in the steel industry. These activities will support the development of the institutional and data structure for GHG emissions management and the design of a pilot credited NAMA for the steel industry;
- 2. Designing of no-regret measures in solid waste sector with analysis of potential MBIs. This sub-component will include five main activities: i) developing a GHG emissions data collection and management system and relevant reporting forms, as well as a MRV protocol for the targeted sub-sectors of the solid waste sector (in accordance with a recommended crediting instrument and to support design of piloting activities for the crediting NAMA in 3 pilot cities); ii) defining the targeted sub-sector(s) and the choice of the crediting instrument (sectoral crediting or project/PoA-based implementation) and defining the outline of the required building blocks (crediting components) for a credited NAMA; iii) designing a concept for a representative piloting activities for the crediting NAMA in the solid waste sector to test data collection and management system and the outlined approaches for the building blocks of the credited NAMA [defined under

activity 2 (ii)]; *iv*) conduct relevant capacity building focused on the 3 pilot cities [data collection, reporting and testing of the approaches defined in the building blocks designed in activity 2 (ii)] and on the relevant sectoral institutions to facilitate future implementation of piloting activities; and (v) developing an action plan for mid- to long-term market based carbon pricing approaches in the solid waste sector (including participation in a domestic ETS, e.g., through offsetting) in coordination with the work on the national level Action Plan being developed under the Component 1, activity 1 (iii). These will establish the core elements of data management and capacity building coupled with the design of a credited NAMA for the solid waste sector.

Component 3: Program management and stakeholder engagement facilitation (USD 0.375 million)

This component will support MONRE to guide the implementation of the proposed activities and other MBI-related activities in Vietnam. This component would also support enhanced stakeholder engagement and communication efforts, including the reporting of PMR project implementation progress to the NCCC.

Proposed Support from PMR. The PMR supported activities are as follows:

- 1. Supporting project management with a dedicated project team to ensure an efficient and effective implementation. This primarily support project coordination, monitoring of progress and results, and management of fiduciary requirements. This will include quality control of reports, document reviews, clearances and publications (-in both Vietnamese and English) as well as ensuring that documents go through the official reviews and clearance processes across relevant line ministries;
- 2. Supporting communication and stakeholder engagement including conducting a feedback and learning process with stakeholders to ensure awareness raising and dissemination of results. This primarily supports designing and implementing a strategy for stakeholder engagement, which includes elements on communication involving stakeholder meetings, workshops and seminars. This includes engaging stakeholders by sharing information on the objectives, basic elements and technical requirements associated to the design, implementation and operation. This will also support stakeholder consultations on proposed regulations with public and private sectors, as well as conducting workshops with representatives of countries that have already implemented comparable schemes. The institutionalization of a structured consultation process with stakeholders on carbon pricing and MBIs will also be supported (e.g. a structured series of dissemination and knowledge-sharing activities, such as workshops, seminars and meetings aimed at raising awareness on climate change issues and the role of carbon pricing and MBIs in the country). The content of this work will be propagated to line ministries, the private sector, and Provinces identified as having potential for steel and solid waste GHG emissions management in the form of a regularly undated website, newspaper, and brochure coupled with workshops and conferences.

4. Project Location and Salient Physical Characteristics Relevant to the Safeguards Analysis (if known)

The project does not finance any physical activity on the ground but rather consists solely of technical assistance activities. The project activities includes analysis and evaluation of market-based carbon pricing approaches applicable in Vietnam, research and formulation of financial mechanisms and policies needed to mobilize support from concerned stakeholders, preparation of a mid-term action plan to help GoV to establish policy, legal, institutional and administrative infrastructure and financial mechanisms for

the establishment and implementation of the recommended market-based carbon pricing approaches, development of the national system for GHG emission data collection, reporting and management, development of national principles and criteria for credited NAMAs, designing and developing of data collection, data management system and MRV in steel and solid waste sector, developing a credited NAMA for steel sector and implementation of a pilot of a GHG emissions database and voluntary reporting system, and capacity building for concerned stakeholders. In addition, the project supports the establishment of core elements of data management and capacity building coupled with the design of a credited NAMA for solid waste sector. The technical assistance activities and capacity building will take place in various locations in Vietnam. The identification of potential sites for developing a credited NAMA in the solid waste sector will focus on surveying and researching large solid waste generators in three selected pilot cities: Hanoi, Da Nang, and Ho Chi Minh City. The project will select the major landfills of each city that are not currently covered by other donors undergoing similar GHG emissions management activities. The development of a baseline emissions calculation for selected solid waste landfills in the pilot cities will set up the possibility of future implementation of the accredited NAMA.

5. Environmental and Social Safeguards Specialists on the Team

Waraporn Hirunwatsiri

- Senior Environmental Specialist

Tuan Anh Le

- Social Development Specialist

6. Safeguard policies

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment	No	The project will provide technical assistance
OP/ BP 4.01		and capacity building to Vietnam to become
		equipped with information, technical capacity,
		policies and a mid-term action plan that will
		facilitate future development of carbon pricing
·		policy approaches, including MBIs and
		enhance country's readiness for the
		implementation of MBIs. Specifically, the
		project support will be solely directed towards
		technical assistance activities to support
		capacity development, improved data
·	Ì	management and reporting, stakeholder
		engagement and the design of selected
		elements of MBIs in steel and solid waste
		landfill sub-sector to inform the future
		potential development of carbon pricing policy
		approaches. It will not support preparation of
		feasibility study, technical or engineering
		designs or other activities in support of the
		preparation for the construction of physical

		infrastructure or a future investment project. It is anticipated that the project will lead to long term positive impacts to the environment particularly on GHG emission reduction and energy consumption reduction. The project activities are likely to no adverse impacts. Therefore the proposed project classification is Category C. However, there is possibility that the studies and recommendations may lead to legal, financial policy or institutional structure formulation or amendment of certain provisions of the existing law and policies in
		the next phases to provide adequate platform in launching and implementing market-based carbon pricing approaches. Therefore, the TORs of these studies will embed the directions and principles of the safeguard policies.
Natural Habitats OP/BP 4.04	No	No negative impacts to natural resources are anticipated since the project would not finance any physical investment. The project will focus on capacity building activities in the steel and solid waste landfill sub-sectors to lay the foundation for piloting selected MBIs. In addition, it is expected that the project will lead to long term positive impacts to the environment particularly on GHG emission reduction and energy consumption reduction.
Forests OP/BP 4.36	No	No negative impacts to forests are anticipated since the project would not finance any physical investment. It is expected that the project will lead to long term positive impacts to the environment particularly on GHG emission reduction and energy consumption reduction.
Pest Management OP 4.09	No	The project will not promote purchase/use /promote an increase use of pesticides.
Physical Cultural Resources OP/ BP 4.11	No	The project will not involve civil work or activity that potentially affects Physical Cultural Resources.
Indigenous Peoples OP/BP 4.10	No	The project supports will be solely on provision of technical assistance to relevant agencies in Vietnam to enable the

		development of market-based instruments to reduce GHG emissions in the country. Thus, there is no adverse impacts anticipated on indigenous peoples.
Involuntary Resettlement OP/BP 4.12	No	The project activities will be primarily on technical support to reduce GHG emissions. There are no physical activities under the project that involve involuntary resettlement or restricted of access to legally designated parks and protected areas.
Safety of Dams OP/BP 4.37	No	The project will not involve construction or rehabilitation of dams nor investment, which rely on the services of existing dams.
Projects on International Waterways OP/BP 7.50	No	The project will not involve any international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project supports will be implemented within Vietnam territory and will not involve disputed areas.

II. KEY SAFEGUARDS POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguards Issues

 Describe any safeguard issues and impacts associated with the Restructured project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The project is designed to assist Vietnam in preparing readiness for piloting data collection of GHG emission, data management system and voluntary reporting as well as MRV protocol in steel sector and solid waste sector with a view to developing market-based carbon pricing mechanisms in the future. PMR support will be directed solely to technical assistance activities that support capacity development, improved data management, stakeholder engagement and the design of selected elements of MBIs in steel and solid waste sector. It will not finance any activities such as feasibility studies; technical, engineering design studies; preparation of bid documents that would facilitate construction of physical infrastructure which may or may not be financed by the Bank. The project will conduct analytical works and studies of legal, financial policies and institutional framework that involve market-based carbon pricing approaches. It is anticipated that the project will lead to long term positive impacts to the environment particularly on GHG emission reduction and energy consumption reduction. The project activities are likely to have no environmental and social impact. The project is therefore categorized as Category C.

No safeguards instrument is required for this TA project. However, since the PMR project focuses on capacity development and supporting communication and stakeholder engagement that include design of a strategy for stakeholder engagement

(including a communication strategy and implementation of strategy involving stakeholder meetings, workshops and seminars), this provides an excellent opportunity to promote broad stakeholder engagement and participation through public information disclosure at all critical phases of the project. However, there is possibility that the studies and recommendations may lead to legal, financial policy or institutional structure formulation or amendment of certain provisions of the existing law and policies in the next phases to provide adequate platform in launching and implementing market-based carbon pricing approaches. Therefore, the counterpart will be asked to incorporate directly environmental and social safeguards policies into the relevant project activities. The Bank team will ensure that the Term of Reference (TOR) of various studies/analytical works and the products take into consideration the Bank safeguard policy requirements and environmental externalities. The said TORs and analytical pieces will be consistent with and guided by the Interim Guidelines on the Application of Safeguard Policies to Technical Assistance Activities in Bank-Financed Projects and Trust Funds Administered by the Bank. The key TORs will be reviewed by the Bank.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

See section 1.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

See section 1.

Describe measures taken by the borrower to address safeguard policy issues.
 Provide an assessment of borrower capacity to plan and implement the measures described.

The project is assigned as Category C as it will conduct studies that involve carbon pricing and MBIs for the design of pilot credited NAMA activities focusing on steel and solid waste sector in Vietnam. The World Bank safeguard policies will be taken into account in the studies and recommendations for criteria and policy setting. DHMCC has capacity on environment and social aspects in CDM projects development and approval. However, it has limited experiences on the World Bank safeguard policies. DHMCC will assign a safeguard focal point to work with the Bank environmental and social safeguard specialist to ensure the adequate safeguard considerations are taken into account in preparing and implementing the project. A session on an overview of the Bank safeguard policies will be introduced to DHMCC prior to and during PMR implementation. The Bank will ensure when reviewing TOR that the adequate safeguards expertise is associated to activities and studies taking into account safeguard policy issues.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Market-based carbon pricing approaches are an innovative concept in Vietnam both in the government and private sector. Ongoing stakeholder consultation workshops, seminars, dialogue, roundtables, etc. will be part of preparatory and implementation work to ensure all parties fully understand the planned project activities and appropriately benefit from the capacity building and technical assistance provided by the PMR. Stakeholders' perception of the project, their view on the design, implementation and operation of appropriate market-based carbon pricing approaches for Vietnam and proposed regulations and institutional structure will be gathered and taken into account in the project design as appropriate.

B. Disclosure Requirements

Environmental Assessment/Audit/Managem	ent Plan/Other
Date of receipt by the Bank	N/A
Date of submission to InfoShop	N/A
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	N/A
"In country" Disclosure	N/A
Comments:	
Resettlement Action Plan/Framework/Policy	Process
Date of receipt by the Bank	N/A
Date of submission to InfoShop	N/A
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	N/A
"In country" Disclosure	N/A
Comments:	
Indigenous Peoples Development Plan/Fram	ework
Date of receipt by the Bank	N/A
Date of submission to InfoShop	N/A
"In country" Disclosure	N/A
Comments:	
Pets Management Plan	
Date of receipt by the Bank	N/A
Date of submission to InfoShop	N/A
"In country" Disclosure	N/A
Comments:	

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP. N/A
If in-country disclosure of any of the above documents is not expected, please explain why:
N/A

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [] No [X] NA []
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes [] No [] NA [X]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [] No [] NA [X]
OP/BP/GP 4.04 – Natural Habitats	,
Would the project result in any significant conversion or degradation of critical habitats?	Yes [] No [x] NA []
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [] No [] NA [X]
OP/BP/GP 4.09 – Pest Management	
Does the EA adequately address the pest management issues?	Yes [] No [] NA [X]
Is a separate PMP required?	Yes [] No [] NA [X]
If yes, has the PMP been reviewed and approved by a safeguards specialist or SM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes [] No [] NA [X]
OP/BP/GP 4.11 - Physical Cultural Resources	
Does the EA include adequate measures related to cultural property?	Yes [] No [] NA [X]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [] No [] NA [X]
OP/BP/GP 4.10 - Indigenous Peoples	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [] No [] NA [X]
OP/BP/GP 4.12 – Involuntary Resettlement	
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [] No [] NA [X]
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [] No [] NA [X]

OP/BP/GP 4.36 – Forests	**************************************
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes [] No [] NA [X]
Does the project design include satisfactory measures to overcome these constraints?	Yes [] No [] NA [X]
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes [] No [] NA [X]
OP/BP/GP 4.37 – Safety of Dams	
Have dam safety plans been prepared?	Yes [] No [] NA [X]
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?	Yes [] No [] NA [X]
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	Yes [] No [] NA [X]
OP 7.50 - Projects on International Waterways	
Have the other riparians been notified of the project?	Yes [] No [] NA [X]
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	Yes [] No [] NA []
Has the RVP approved such an exception?	Yes [] No [] NA [X]
OP 7.60 – Projects in Disputed Areas	
Has the memo conveying all pertinent information on the international aspects of the project, including the procedures to be followed, and the recommendations for dealing with the issue, been prepared?	Yes [] No [] NA [X]
Does the PAD/MOP include the standard disclaimer referred to in the OP?	Yes [] No [] NA [X]
World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [] No [] NA [X]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [] No [] NA [X]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [] No [] NA [X]
Have costs related to safeguard policy measures been included in the project cost?	Yes [] No [] NA [X]
Does the Monitoring and Evaluation system of the project includes the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [] No [] NA [X]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [] No [] NA [X]

III. APPROVALS

Task Team Leader:	Name: Christophe Crepin	
Approved By:		
Regional Safeguards Adviser:	Name: Peter Leonard	Date: 5 - 05 - 15
Practice Manager:	Name: Jain G. Shuker	Date: 5/06/15