



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

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Concept Stage | Date Prepared/Updated: 16-Nov-2016 | Report No: PIDISDSC17702



**BASIC INFORMATION**

**A. Basic Project Data**

Country Vietnam	Project ID P159397	Parent Project ID (if any)	Project Name Vietnam Scaling up Urban Upgrading Project (P159397)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Jan 11, 2017	Estimated Board Date May 25, 2017	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Lending Instrument Investment Project Financing	Borrower(s) State Bank of Vietnam	Implementing Agency Ministry of Construction	

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**Financing (in USD Million)**

Financing Source	Amount
Borrower	71.00
International Bank for Reconstruction and Development	100.00
International Development Association (IDA)	140.00
<b>Total Project Cost</b>	<b>311.00</b>

Environmental Assessment Category

A-Full Assessment

Concept Review Decision

Track II-The review did authorize the preparation to continue

Have the Safeguards oversight and clearance functions been transferred to the Practice Manager? (Will not be disclosed)

No

Other Decision (as needed)

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**B. Introduction and Context**

Country Context

1. Over the past three decades, the pace of Vietnam’s economic growth and poverty reduction has been remarkable, with the nation recently graduating to lower middle income country status. Vietnam’s gross domestic product (GDP) per capita more than tripled within 10 years, from US\$560 in 2004 to US\$1,800 in



2013. The percentage of people living in poverty dropped from almost 60% in the 1990s to approximately 13.5% in 2014<sup>1</sup>. The country's urban transformation is underway with more than 34% of the population (30 million people) living in urban areas in 2015, as compared to only 24% in 2000. Vietnam is one of the top ten countries globally with the largest projected declines in rural population between 2014 and 2050. With an urban population growth rate of approximately 3.1% in 2014, it is expected that more than half of the country's population will be living in cities by 2045 (approximately 53 million people).

2. Despite the noteworthy economic gains, the reduction in poverty and the pace of urbanization in Vietnam, findings of the World Bank's Vietnam Urbanization Review highlight that access to basic services such as sanitation, drainage and quality of water still remains low in secondary cities as compared to large cities. For example, while cities such as Hanoi have access to sanitation with connection rates above 80%, smaller cities have access rates as low as 15%. Reliability of access to water (e.g. duration of water supply) in urban areas has improved over time, but to a lesser extent in small and medium sized cities. The pace of poverty reduction has also been slower in small cities as compared to large cities. In 2015, Vietnam announced the countrywide integration of a multidimensional<sup>2</sup> poverty measurement alongside the traditional income-based approach in order to monitor urban livability across a range of settlement sizes. Recent estimates highlight significant regional differences in the level of multidimensional poverty, particularly driven by lack of access to basic infrastructure, with the Mekong Delta Region (MDR) being the most deprived region of the country from a multidimensional perspective<sup>3</sup>.

3. The MDR has strategic importance for the country, given its significant contribution to economic growth, poverty reduction and ongoing rapid urbanization<sup>4</sup>. In 2014, the population of the MDR was approximately 17.5 million (19% of Vietnam's total population) with a current urbanization rate of 25%. Between 2008 and 2014, the poverty rate in the MDR fell from 12.3% to approximately 9.8%. However, in absolute terms, poverty incidence in the MDR remains the second highest in the country with 1.7 million poor<sup>5</sup>. There are significant gaps in access to infrastructure in the region. In addition, the region is highly impacted by weather and climate change, which is leading to higher ambient temperatures and abnormal weather conditions as well as increasing the intensity and frequency of droughts and floods. Approximately half of the Delta is flooded to a depth of one to three meters on an annual basis. The MDR is further affected by alluvial and tidal flooding, salt water intrusion, and sea level rise, all of which have the potential to significantly impact the socio-economic development of the MDR cities, particularly the rapidly urbanizing capital cities, located in low-lying, flood prone areas.

4. Within these MDR cities, low-income areas (LIA) are specifically characterized by substandard housing, inadequate access to basic urban infrastructure and services (water, sanitation etc.), widespread disposal of garbage into open drains, overflowing sewage, inadequate tertiary roads and low connectivity to wider city-level infrastructure (see Annex 2 for demographic profiles and key city statistics). Improved connectivity of LIAs' tertiary infrastructure with cities' primary and secondary infrastructure networks is important to increase

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the sustainability of investments while ensuring that poor populations are well-integrated within the urban fabric. Infrastructure gaps in LIAs also contribute to significant environmental pollution in these areas and increase their vulnerability to frequent flooding. Flood risk in LIAs is further exacerbated because inundation prevention solutions are not combined with the broader measures of tide prevention, maximization of storm water storage and provision of the necessary drainage capacity in the larger catchment area. Comprehensive upgrading of tertiary infrastructure in LIAs, improving city-level infrastructural connectivity and reducing vulnerability to disaster risk will require moving away from the current department-specific model of planning in these provincial capital cities, and towards a more coordinated inter-departmental urban planning approach.

#### Sectoral and Institutional Context

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5. The Government of Vietnam (GoV) understands the strategic role of urbanization in achieving its development aspirations as stipulated and updated in 2009 in the *Framework Master Plan for Urban Development in Viet Nam to 2025 and Vision to 2050* (hereby referred to as the Master Plan). The Master Plan focuses on achieving balanced and strategic growth, through a national urban system consisting of urban centers of various grades and types distributed throughout the country. Specifically, it envisages the development of secondary and tertiary cities as hubs to drive development within larger urban areas and provinces.

6. In alignment with the Master Plan, a *National Urban Development Program 2011-2020* (NUDP)<sup>6</sup> was created in 2012 with a vision to develop provincial capitals in different regions as models to boost the local economy and to balance regional development. The Program emphasizes urban development and the efficient use of natural resources to tackle the increased demand for infrastructure and services that results from rapid urbanization. It also aims to help the Government respond effectively to climate change and natural disasters. In this regard, the NUDP is also well aligned with Vietnam's first-ever law on "Natural Disaster Prevention and Control," which emphasizes the importance of moving away from the traditional ex-post disaster response approach towards comprehensive and integrated disaster risk management.<sup>7</sup>

7. The NUDP encompasses the principles of the *National Urban Upgrading Program* (NUUP)<sup>8</sup>, which was approved in 2009 to guide efforts to upgrade low income, poorly serviced and densely populated areas in Vietnam's urban centers. The NUUP was developed by the Ministry of Construction (MOC), as part of a World Bank-funded Vietnam Urban Upgrading Project (VUUP). From 2004-2014, VUUP piloted a participatory approach to urban upgrading in four cities of Nam Dinh, Hai Phong, Can Tho and Ho Chi Minh City. The approach, and the lessons learned during the implementation of VUUP, were included as key features of the NUUP.



8. Since its approval in 2009, the principles of urban upgrading under NUUP have been operationalized through various urban projects in Vietnam, including two World Bank-funded operations: (1) a results-based National Urban Development Program in the Northern Mountains Region, approved in 2014 and covering the seven cities of Bac Kan, Cao Bang, Dien Bien, Hoa Binh, Thai Nguyen, Tuyen Quang and Yen Bai; and (2) a Mekong Delta Region Urban Upgrading Project (MDR UUP), approved in 2012 and covering six out of 13 provincial cities (namely, Can Tho, Ca Mau, Cao Lanh, My Tho, Rach Gia and Tra Vinh);

9. Upon the request of the GoV, this newly proposed project will complete the scaling up of upgrading efforts in the most strategic seven cities of the MDR (i.e. the capital cities of the MDR provinces), which were not included in the MDR UUP. These seven project cities include Bac Lieu, Ben Tre, Long Xuyen, Soc Trang, Tan An, Vi Thanh and Vinh Long. This project will allow the GoV to take advantage of the limited window of opportunity that exists to ensure climate and disaster risk-informed urban development within these cities, given their early stages of urbanization. The scaling up operation will build on the lessons learnt from World Bank's previous urban upgrading projects, while promoting a new generation of investments informed by weather and climate change risks. Based on the principles of the Mekong Delta Plan (2013), the urban infrastructure under this project will integrate appropriate resilience measures and prioritize climate adaptable, green infrastructure investments. *Summary of lessons learned from previous operations are included in Annex 2.*

10. Alongside infrastructure investments, significant capacity building of local and national governments will be necessary to ensure that these cities grow in a sustainable manner and optimize the efficiency of their urban footprints by prioritizing investments that enhance the connectivity of networked infrastructure. World Bank support will therefore include complementary capacity building activities with the objectives of strengthening integrated urban planning and enhancing resilience to climate change in these cities, focusing on the vulnerable LIAs. The scale up of activities will be managed and coordinated by the Ministry of Construction (MOC), who will also be included in capacity building activities.

#### Relationship to CPF

11. The proposed project is consistent with two pillars of the World Bank Country Partnership Strategy for Vietnam 2012-2016<sup>9</sup> namely, (i) increasing sustainability; and (ii) broadening access to quality infrastructure, through improved municipal infrastructure services for the urban poor, attention to sustainable urban development of secondary cities and greater citizen participation in the local planning process. The proposed project will also address the cross cutting theme of "resilience" by increasing the ability of the cities and their residents to mitigate and adapt to the impacts of climate change by promoting sustainable urban planning practices that help mitigate disaster risk as well as the construction of climate adaptable and green infrastructures. The proposed project is consistent with the recommendations made under the *Vietnam 2035 Towards Prosperity, Creativity, Equity and Democracy* to promote the development of secondary cities, as well as equity and social inclusion in urban areas.



12. The proposed project is closely aligned with the Bank’s Twin Goals of eliminating extreme poverty and boosting shared prosperity through economic growth among the bottom two quintiles. The project will specifically target LIAs with high concentrations of urban poor (ranging from 10-30% and even higher in cities such as Soc Trang and Bac Lieu) and near poor, who are vulnerable to external shocks, such as natural disasters, that may push them back below the poverty line. Other residents of the LIAs who largely fall within the bottom 40%, will share the benefits of improved living conditions and connectivity as a result of the project.

### **C. Proposed Development Objective(s)**

The proposed PDO is to improve access to infrastructure in low-income areas, improve priority city-level infrastructure and enhance the capacity of local governments to carry out risk-informed urban planning in participating cities.

#### Key Results (From PCN)

13. PDO-level indicators for the proposed project include the following:
- Number of project beneficiaries (disaggregated by gender, bottom 40%);
  - Number of people with access to improved basic urban infrastructure facilities and services in targeted low income areas (men/women, bottom 40%);
  - Percentage of Low Income Areas with Community Upgrading Plans prepared and implemented in accordance with the participatory process;
  - Increased user satisfaction with the quality of basic urban infrastructure facilities and services in targeted low income areas (men/women);
  - Reduction in travel time in areas connected with new road construction;
  - Number of cities with a draft master-plan developed based on the principles of integrated urban planning and citizen participation.
14. Intermediate level indicators will be developed to measure a range of infrastructure investments including improved drainage, sanitation, roads constructed etc. They also will take into account the principles of citizen engagement, gender inclusion, and capacity building for urban planning.

### **D. Concept Description**

15. The seven participating cities (Bac Lieu, Ben Tre, Long Xuyen, Soc Trang, Tan An, Vi Thanh and Vinh Long) are characteristic of small and medium-sized cities in Vietnam with populations ranging from approximately 75,000 to 285,000. The cities are economic hubs for trade, services and industries. They have substantial numbers of LIAs with high residential densities, sub-standard housing, generally poor quality of water supply and drainage, inadequate roads and inadequate wastewater management systems. These conditions



contribute to the low living standards and poor quality of life for the residents of the LIAs. *A table profiling key characteristics of the cities is included in Annex 1.*

16. Despite the problems of infrastructure deficiencies and poor quality housing, low-income areas in cities are typically vibrant parts of the city economy. Houses frequently double as work places for micro-enterprises. Families have often lived in these areas for generations, and they have a strong social fabric and a history of working together and supporting each other in times of need. By adopting “urban upgrading” of low income areas to improve the living and environmental conditions in-situ, rather than clearing these area, these social assets can be preserved. Based on the experience of VUUP and MDR UUP, the per capita and per hectare cost of upgrading is also significantly less than that of clearance and resettlement.

17. In this project, urban upgrading will be located within the broader urban development agenda, served through investments in priority primary and secondary infrastructure with a view to enhancing the overall connectivity of networked infrastructure. The project will promote a risk-informed approach to infrastructure investments, including screening disaster and climate risks, promoting green/permeable infrastructure, storm-water storage, and increasing access to public spaces. These activities will be complemented by technical assistance to local governments and the MOC to enhance the cities’ capacities in urban planning, land management and city resilience.

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## Project Components

**Component 1: Tertiary Infrastructure Upgrading in Low Income Areas:** Within the seven cities, a preliminary list of LIAs with deficient basic infrastructure and services has been drawn up. This list is being further refined to prioritize a sub-set of LIAs for investments under this project. In each LIA, a single multi-sectoral package of tertiary infrastructure improvements and services will be provided, an approach which has been tested and refined in VUUP and MDR UUP. These packages are likely to include: (a) construction, rehabilitation, and upgrading of roads and lanes; (b) construction and rehabilitation of drains; (c) improvements to environmental sanitation by rehabilitating or constructing public sewers, constructing septic tanks, providing access to septic management services, and house connections to public sewers; (d) improvement of water supply including the installation of metered domestic connections; (e) provision of metered domestic connections for electricity and public lighting in residential lanes and streets; and (f) construction and rehabilitation of social infrastructure facilities such as schools, markets, community halls, public places and green spaces. The investments will utilize disaster and climate resilient technical and engineering standards.

**Component 2 – Priority Primary and Secondary Infrastructures.** Component 2 includes provision of support to improve priority trunk main networked infrastructures in line with the broader urban development agenda, with the following key elements: (a) roads improving the connectivity among different parts of the city; (b) water supply lines; (c) drains and sewers; (d) electrical power lines; (e) river and canal embankments; and (f) social infrastructure facilities such as schools, markets, community halls, public places and green spaces. The investments will utilize disaster and climate resilient technical and engineering standards. An initial hydraulic model will need to be developed and integrated with existing plans for urban development, flood and salinity



intrusion control, drainage, and waterways investments (particularly for the catchment areas of the upgrading sites).

**Component 3 – Resettlement Sites.** As far as possible, resettlement will be avoided except in cases where it is absolutely necessary, such as in the case of encroachments along canal embankments where communities have a high vulnerability to floods. In such cases, Component 3 will provide support to prepare resettlement areas for affected persons, including construction of primary, secondary and tertiary infrastructure and public facilities.

**Component 4 – Implementation Support and Capacity Building.** Component 4 activities will focus on provision of support for (i) improved capacity for project implementation (management capacity for social safeguards, finance, procurement, monitoring and evaluation, including audits and learning inside/outside Vietnam); (ii) strengthened capacity for strategic and coordinated institutional planning, land management and utilization of GIS; (iii) enhanced capacity for disaster and climate risk-informed urban planning.

**Component 5 – Technical Assistance to the MOC for Strengthening Coordination and Enhancing capacity for urban planning and city resilience.** Component 5 will include provision of support to MOC for: (i) supporting project coordination, implementation, monitoring and evaluation including independent monitoring of safeguards, financial auditing, and project management; and (ii) strengthening capacity of the participating cities on integrated urban land use planning and prioritization, land management and city resilience. Proposed assistance may include: (i) review of Master Plans, sectoral plans and existing strategies, (ii) support for better land use planning, (iii) technical inputs on the design of green infrastructure and promoting the development of public spaces, and (iv) strengthening the capacity of cities with regard to leveraging ICT in city planning functions.

### Proposed Implementation Arrangements

18. The Project will be implemented in a decentralized manner, with cities as the Project Owners under the supervision of provincial level administrations, and with strategic guidance and oversight from the MOC. In each participating city, the respective People’s Committee will establish a Project Management Unit (PMU) whose staff will be recruited from the city administration. Their tasks will be to manage the implementation of Components 1, 2, 3, and 4. Intensive community consultations (with special attention to inclusion of women) will be crucial to the success of the project. The concerned communities will be involved in all stages of the project, namely preparation, implementation, monitoring and evaluation.

For each participating city, Provincial People’s Committees will establish a Project Steering Committee (PSC) comprised of multi-sector departments to guide, support, and supervise the respective PMUs. The MOC Management Division of Urban Development Projects (MDUDP) will take on the role of Project Coordination Unit (PCU) with responsibility for (i) coordination, quality assurance, monitoring, and training functions of the Project, and (ii) management of the technical assistance component.





**SAFEGUARDS**

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

The seven participating cities (Bac Lieu, Ben Tre, Long Xuyen, Soc Trang, Tan An, Vi Thanh and Vinh Long) are characteristic of small and medium-sized cities in Vietnam with populations ranging from approximately 75,000 to 285,000. The cities are economic hubs for trade, services and industries. They have substantial numbers of LIAs with high residential densities, sub-standard housing, generally poor quality of water supply and drainage, inadequate roads and inadequate wastewater management systems. These conditions contribute to the low living standards and poor quality of life for the residents of the LIAs.

All seven cities are located in the Mekong Delta Region (MDR). The MDR is low-lying with land elevations of only a few decimeters above the water levels of the nearest water bodies. Correspondingly, groundwater tables are high in the entire region. In all project cities the ground consists mainly of alluvial sands and loams. As in all delta environments, sedimentation and erosion occur naturally: sandbanks are formed within river courses but their exact locations shift over time. Likewise, river banks are not permanent but get eroded again. As a result of the flat topography, inundations after heavy rains and the formation of stagnant water bodies occur naturally. Also, flooding is a natural phenomenon in large parts of the delta and occurs mostly in a regular seasonal pattern. The flow patterns of the rivers are influenced by the tidal regime, and periodic high tides contribute to the flooding problems. Salinity intrusion is also a major issue; six out of the seven participating cities (except the upstream city of Long Xuyen in An Giang province) have been suffering from the severe salinity intrusion problem caused by the El Nino weather pattern in 2015-2016. The region is challenged by climate change, which is increasingly resulting in more intense droughts, increased intensity and frequency of floods, higher ambient temperatures and abnormal weather conditions.

**B. Borrower’s Institutional Capacity for Safeguard Policies**

The seven cities have limited experiences in working with the Bank in general and are not familiar with the Bank’s safeguards policies in particular. Close guidance for the preparation of the relevant project safeguard documentation (e.g., good ESIA/EMPs RPs, EMDPs) as well as oversight on the implementation of these documents will be required. An assessment of the Client capacity for safeguards implementation is required during project preparation, and recommendations for training will be made as appropriate. A consultant would be retained to assist in the preparation of safeguards TORs.

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

Pierre Arnoux, Thuy Cam Duong

**D. Policies that might apply**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The investments under the Project fall under 3 main categories: 1. Tertiary infrastructure under Component 1

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mainly consists of alley extensions of about 4-5m width; tertiary road network with length under 5km; together with about under 10km of pipes for water supply and/or drainage; etc. These investments are small scale upgrading of existing infrastructure without any significant or irreversible adverse impacts. Resettlement to a new location is minimized as a principle of LIA upgrading, which the cities have adopted as reflected in the city proposals presented in the May mission. As far as possible, in situ resettlement is preferred as an option, especially since most low income areas are not high density.

2. Primary and secondary infrastructure under Component 2 will be on city-level infrastructure such as medium scale intra-city roads (about 10-24m width and 1.2-6.8km length); rehabilitation of secondary canals/rivers of about 0.5-4.5km; improvement of 4.4km of drainage system; upgrading a lake of 3ha; construction of a park of 1ha; and a bridge of 150m including connecting roads. There is no investment on national/inter provincial roads or canals/rivers under ministry management.

3. Resettlement sites under Component 3 built on existing available land of the city except for one city.

Environmental impacts:

OP/BP 4.01 is triggered due to the potential environmental and social impacts associated with the project interventions. The project will bring about numerous positive environmental and social impacts, including reduction in flooding of the seven cities, improvement of drainage and sanitation leading to improvement of the standard of living for urban residents especially in the LIAs. It will also improve public health and the aesthetics of the cities. However, the project will also have potentially negative environmental and social impacts, mainly associated with the construction and/or upgrading works such as air, noise and water pollution, sediment deposition, generation of solid and construction wastes, generation and disposal of dredged materials from dredging and excavation, traffic disruption and congestion, temporary losses to local businesses, damage to existing infrastructure and public services, risks to public safety due to



construction activities.

The infrastructure interventions proposed under the project are of small or medium scale. Concretely, the proposed roads are short; the canals/ivers to be upgraded are small and narrow and do not include any of the region's main waterways. The project investments, which are primarily upgrading of existing tertiary infrastructure and support to primary and secondary infrastructure, are expected to require only small to medium scale earthworks. Furthermore, the canals and rivers are located in urban areas and show some signs of environmental pollution from domestic discharge, but not from industrial sources. It is expected that the excavated sludge is only contaminated with organic substances, but not with heavy metals. The sludge could therefore be disposed of at normal landfill rather than requiring treatment as hazardous waste. In addition, the investments are in an urban setting, on an existing urban footprint and is expected not to affect natural reserves, wetlands, forests or national parks.

As the city investments are not large scale and are scattered within the city, and will be implemented at different periods during the Project implementation, the city-wide cumulative impacts are also expected to be limited or non-existent.

Given the nature, location, and scale of the investments and the experience of the successor MDR UUP project, the project potential negative environmental impacts are anticipated to be temporary, localized, and could be mitigated and managed through readily designed measures.

#### Social Impacts:

Proposed investments under Component 2 will involve important land acquisition and will affect a large number of HH (8,635 affected HH; 1,931 relocated HH). This is particularly the case for canal upgrading where most of the HH are encroaching on the RoW of the canal and will have to be resettled. In situ relocation is generally not possible and relocation in serviced RS is the preferred option to ensure security of tenure for these HH. In LIAs (Component 1) the affected HH are poorer than in other part of the cities and in some cities (Soc Trang, Bac Lieu),



Khmer communities are present. The proposed interventions in the 30 LIAs will request limited land acquisition and a limited number of HH are expected to be relocated. In addition, the affected HH will benefit directly from the proposed investments. Regarding component 3, only two cities (Long Xuyen and Bac Lieu) will develop full RS under component 3 and a limited number of HH will be affected. Relocation in serviced RS close to former HH location, compensation at replacement costs for lost assets and assistance for relocation will limit negative impacts for the relocated HH under the SUUP.

Loss of livelihood may occur for households based business to be relocated (especially along canals to be improved) and for loss of productive land (i.e. for road project located in peri-urban areas such as the Ring Road in Tan An). The RPs will propose measures to assist these HH to restore income. In one city, Tan An City, the number of affected households is less than for other cities (198 HH while for the other cities this number ranges from 241 to 417 HH). Tan An has also the lowest poverty rate among the 7 cities (2.5% for Tan An, from 3.3 to 9% for other cities). In addition, there is no encroacher along the canal improvement investments in the city as it is the case for the other cities; almost all affected HH have a LURC. Therefore, most of the HH to be resettled are not vulnerable. Finally, no Ethnic Minority HH is present in all the proposed investments.

Although the project is not likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented, the potential social impacts due to resettlement and ethnic minority issues are expected to be significant. Therefore, the overall project is classified as Category A.

An Environmental and Social Impact Assessments ESIA will be prepared for each of the cities, and an Executive Summary (ES) will be prepared for the whole project. Another option is the 07 participating cities submit one consolidated ESIA/ESMP that would contain sub-project or city-specific section. A TOR for preparation of the ESIA's will be prepared and



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submitted to the Bank for review and clearance. The ESIA's will comply with the WB's safeguard policies and the national regulations. In addition, it will apply WBG'EHS guidelines. Public consultation will be carried out as part of ESIA preparation. The final draft ESIA's will be disclosed locally and on the Bank website and for public access prior to project appraisal. The ESIA's and ES will be reviewed and cleared by the Bank. Furthermore, it is requested that (i) sludge will be analyzed as part of the EA preparation and that final disposal will depend on the presence or absence of heavy metals; (ii) ancillary facilities such as disposal sites for sludge, solid wastes, etc.) will be covered by the ESIA and that linked activities (i.e. existing or planned resettlement sites, etc.) will be subject to Due Diligence review.

The project interventions under Component 2 include strengthening and construction of canals/river embankments, canal dredging and extension of the sewerage system in the urban area of the participating cities, which may alter the natural water conditions. Therefore, OP 4.04 is triggered. The project is expected to have positive impacts on natural habitats as it will collect waste water and therefore enhancing water quality.

Natural Habitats OP/BP 4.04

Yes

The project may cause temporary impacts on the water environment during construction period. However, it is noteworthy to mention that the canals/river are already highly urbanized and highly polluted. These project activities will not impact the ecological flow of the main rivers in the cities Project area. Limited impacts on aquatic flora and fauna are also expected. The impacts on natural habitat and relevant mitigation measures will be included in the ESIA's.

Forests OP/BP 4.36

No

The project is implemented in the urban core of the 7 cities and will not impact forested areas or plantations.

Pest Management OP 4.09

No

The project activities are not expected to use pesticides, nor lead to increased usage of pesticides. Manual clearing measures will be employed for civil works.



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Physical Cultural Resources OP/BP 4.11	Yes	<p>The policy is triggered as the project implementation may impact some physical cultural resources and chance finds due to the earth work under Components 1, 2 and 3.</p> <p>The preliminary site screening revealed that a few graves may need to be relocated due to project interventions in Ben Tre subproject. It is also noted that no relocation will be carried out at pagoda or cultural/historical/religious sites. There are also some pagodas in the city-subproject areas that may be temporarily affected from the dust, noise, disturbance to periodical religious activities during the construction period. These include Bach Van and Kim Quang pagodas in Ben Tre, Quang De pagoda in Vi Thanh city, Thien Khanh pagoda in Tan An, Ngoc Hung monastic and Long Hung pagoda in Soc Trang. Based on the current information, these are not pagodas/monasteries of ethnic minority groups, and not classified as national/provincial cultural heritage. The presence of any cultural, historic, or religious monuments, or graves will be detailed assessed during project preparation as part of EA process.</p>
Indigenous Peoples OP/BP 4.10	Yes	<p>Screening of the proposed investments confirmed that the project includes Ethnic Minority (almost only Khmer but also a few Cham and Hoa (Chinese) households) who identify themselves as members of a distinct indigenous group with their own customary organizations. Khmer, Hoa and Cham groups are present in two of the seven participating cities: Soc Trang and Bac Lieu where they represent respectively 17% and 11 % of the total population. Among the three groups, the Khmer is the poorest and most vulnerable group, followed by the Cham while the Hoa have an equal standing with the Kinh. The ethnic Khmer, Cham and Hoa have largely inter-married with Kinh and are largely integrated into the wider Kinh communities. In Soc Trang and Bac Lieu cities, Khmers are particularly present in the LIAS, to be upgraded under Component 1, where they form specific communities while Hoa and Cham are scattered in the two cities. Due to the small scale of the project interventions, resettlement and social impacts in LIAs will be limited and no significant and differential impacts on Khmer communities is anticipated. In addition, in the LIAs, the Khmer</p>



communities will benefit directly from the proposed investments. Proposed investments under Component 2 may also affect individual ethnic minority households. In the other 5 cities, the screening conducted confirmed that there is no ethnic minority present in the project's areas.

An Ethnic Minority Policy Framework (EMPF) is under preparation for the whole project and Ethnic Minority Development Plans (EMDP) will be developed for Soc Trang and Bac Lieu cities in line with the EMPF. The EMDPs will ensure that proposed projects' impacts are mitigated and benefits enhanced. As part of the EMDPs, consultations with affected EMs and key stakeholders will be conducted to ensure the project's decision making mechanisms (such as Community Upgrading Plans) enabled EMs to express their concerns and preferences. Free, prior and informed consultations will be conducted to assess the EM's broad community support of the project. The two EMDPs shall be prepared and cleared by the Bank prior to appraisal.

A Social Assessment (SA), following OP 4.10 provisions, is required for Soc Trang and Bac Lieu cities. These SAs will be integrated into the ESIA's for these two cities. The SAs findings will be shared with and disclosed to affected ethnic minorities as part of the preparation of EMDPs for these two cities.

Involuntary Resettlement OP/BP 4.12

Yes

OP 4.12 on Involuntary Resettlement is triggered for all seven participating cities due to the relatively large number of affected households in each city. Data collected during RP preparation, indicates that the project will affect a total of 8,635 households (HHs) (37,800 persons) in the 7 cities; the number of affected HH in each of the participating cities range from 899 (Tan An) to 1,488 (Vi Thanh). Most of the AH (6,704 HH, 78%) are partially affected; only a part of their land will be acquired under the SUUP, without relocation. The number of relocated HHs for the 7 cities range from 198 (Tan An) to 417 (Vi Tanh) for a total of 1,931 HHs (8,450 persons). Canal improvements (including dredging,



embankment and roads along both sides) under Component 2 are the primary sources of relocation (1,255 HH 65%). A large part of these HH are encroaching on the RoW of the canals which will be upgraded. They are generally living in precarious conditions and they typically lack secure tenure or access to amenities; in-situ relocation is not possible. Assistance for relocation in serviced RS, with improved amenities, will enhance the welfare of these HH and will ensure security of tenure.

In the 30 LIAs under Component 1, most of the HHs are partially affected due to the limited scale of the project interventions and a relatively low number of HHs (170 HHs, 740 persons for the 30 LIAs) have to be resettled. Level of poverty in LIAs range from 10 to 30%, however, HH in LIAs will directly benefit from the proposed investments and their livelihood will generally not be affected.

Resettlement Sites (RS) are available or planned in all the 7 cities to accommodate HHs to be relocated under the SUUP. Due to the small size of the 7 cities, RS are most of the time located close to the cities' center and generally within 1-4 km of the location of the proposed investments which will minimize economic and social disruption. The need for RS was confirmed through surveys conducted during RP preparation. In all cities, for a majority of HH to be relocated, the preferred option is relocation in a serviced RS. In Long Xuyen and Bac Lieu, the existing RS are not sufficient to receive all relocated HH and new RS will be developed under Component 3. Land acquisition for these 2 RS will be addressed under the RPs to be prepared for these two cities. In the other cities, RS are available or land for the RS has been acquired and infrastructures are under development by the Cities or by private companies. In Soc Trang and Tan An cities, the infrastructures will be developed by the cities under Component 3 of the SUUP. A Due Diligence review will be conducted for all the RS to ensure that land acquisition activities were conducted in line with the GoV regulations and are consistent with the WB OP 4.12 objectives. If not, a corrective action plan will be proposed.

In some cities, negative economic impacts on





livelihood may occur due to the relocation of household based business. This is especially the case for HH based business encroaching along canals in Vi Thanh, Bac Lieu, Tan An and Long Xuyen cities. Such HH are often encroaching on canals without LURC and will be relocated in serviced RS to ensure security of tenure. Even if the RS are located within 3 km of the former location of the affected house/business, most of the RS are new development areas with currently few potential customers for these businesses which can lead to reduced income. These businesses are mainly managed by woman as it is convenient for women to operate small business within their house. The construction of new roads in peri-urban areas will also lead to loss of productive land. This is particularly the case in Tan An city for the construction of part of the City's ring road (6 km). The RPs will include measures to mitigate these impacts and to assist HH to restore their livelihoods.

**Voluntary Donations.** In the LIAs, direct beneficiaries are expected to make modest contributions for the upgrading of infrastructures. The contribution rate will be determined as part of the Community Upgrading Plan (CUP). The CUP will be developed and accepted by the communities. Land donations from the community are accepted as a contribution. The principles for voluntary land donation are the following:

- Households are provided with information on project compensation and resettlement policy. The information on compensation and voluntary donation will be disseminated in public places accessible to the community.
- Land donation for the project must be voluntarily, and besides having informed consent or freely agree to participate in the project, DPs will have the option to agree or disagree on land acquisition without adverse consequences imposed.
- Community households decide the scope of land acquisition for the Project and scope of their voluntary land donation,
- The scope of affected land should be small (less than 10% of their land holding and DPs are not relocated),
- The project will provide suitable claim and



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problems solving settlement scheme

As new investments or adjustments may be proposed, a Resettlement Policy Framework (RPF) is under preparation for the whole project to comply with the Bank OP 4.12 and to serve as a legal basis for compensation and resettlement activities for the project. The RPF will also help to standardize the resettlement policy for the 7 cities under the SUUP. A full Resettlement Plan (RP) will be developed for each city in line with the RPF. RPF/EMDPs shall be prepared and cleared by the Bank prior to appraisal. The 7 RPs will have to be updated if substantial changes will occur in the project design and/or in the scope of the project impact during project implementation.

Safety of Dams OP/BP 4.37

No

The project will not finance the construction/rehabilitation of any dams nor will the project rely on any existing dams. The project will only involve the construction of new embankment and rehabilitation of existing embankment. As a result, the policy is not triggered.

Projects on International Waterways OP/BP 7.50

Yes

Three of the seven cities are located on an international waterway. Two branches of the Mekong River split in Cambodia, becoming the Tien River and the Hau River. The Tien River crosses into Vietnam and splitting further into smaller branches running through Vinh Long and Ben Tre. The Hau River crosses into Vietnam and runs through Long Xuyen.

The project will upgrade, improve, or rehabilitate existing urban schemes for storm-water drainage, wastewater sewerage and canal embankments. The policy is triggered as project interventions may temporary impacts the canal/rivers which are tributaries of the Tien and Hau Rivers, or secondary tributaries of Mekong River, an international waterway. As such, other riparian states (Cambodia, Lao, Thailand) will notified or a waiver of notification will be sought from the Bank management.

Projects in Disputed Areas OP/BP 7.60

No

The project is not implemented in disputed area.

**E. Safeguard Preparation Plan**



Tentative target date for preparing the Appraisal Stage PID/ISDS

Jan 10, 2017

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

- a. RPF/EMDF for the whole project will be developed by November, 2016
- b. RP for each city acceptable to the Bank will be ready by mid-December 2016;
- c. EMDP, for Soc Trang and Bac Lieu cities, acceptable to the Bank will be ready by mid-December 2016
- d. Public consultations on the project social and environmental safeguard documents will take place before appraisal.
- e. ESAs acceptable for the Bank will be ready by project appraisal.

The ESAs and ES, will be prepared and made publicly available by the December 27, 2016.

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**APPROVAL**

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**Approved By**

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