Early Warning System

WB-P143596

RESULTS-BASED NATIONAL URBAN DEVELOPMENT PROGRAM - NORTHERN MOUNTAINS

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Quick Facts

Countries	Vietnam
Specific Location	Dien Bien Phu, Bac Kan, Cao Bang, Thai Nguyen, Hoa Binh, Tuyen Quang, and Yen Bai
Financial Institutions	World Bank (WB)
Status	Active
Bank Risk Rating	B
Voting Date	2014-06-15
Borrower	Socialist Republic of Vietnam
Sectors	Infrastructure, Law and Government, Water and Sanitation
Potential Rights Impacts	Healthy Environment, Housing & Property, Indigenous Peoples, Labor & Livelihood, Marginalized Groups, Right to Food
Investment Type(s)	Loan
Investment Amount (USD)	$ 250.00 million
Project Cost (USD)	$ 270.00 million

Project Description

The objective of the program is to “enable participating Northern Mountains cities to effectively plan, deliver and sustain priority infrastructure services through strengthened systems and capacity, with the support of the Ministry of Construction.” The project focuses on seven Northern Mountain cities: Dien Bien Phu, Bac Kan, Cao Bang, Thai Nguyen, Hoa Binh, Tuyen Quang, and Yen Bai. The implementation period is anticipated to be six years starting from 2015 to 2020. According to Bank documents, this project will entail land acquisition and engagement with ethnic minority groups.

The project has four elements:

1. Delivery of infrastructure services in participating cities. The Government will provide results-based financing for infrastructure services to participating cities on annual basis.
2. National Policy Development and Implementation. This will support the Government to develop and Integrated National Urban Development Policy and strategy for using the results-based approach nationally.
3. Technical assistance to cities. This will support national ministries and provinces to provide capacity and technical support to participating cities.
4. Results Verification and Program Oversight. This will strengthen the capacity of the State Audit of Vietnam to conduct annual verification of results and program financial audits of participating cities.

Preliminary sub-projects proposed by participating cities include: rehabilitation and upgrading of roads, construction of bridges, resettlement areas, and social infrastructure.

Resources needed: Land acquisition. An estimated 403 households will be relocated under the sub-projects. At the time of writing, the locations and number of affected persons affected by sub-projects has not been disclosed.

Early Warning System Project Analysis

Risk Assessment: Category B.

The World Bank classifies proposed projects based on the type, location, sensitivity, and scale of the project and the nature and severity of its potential environmental impacts. Category B is assigned to a project if it has “potential adverse environmental impacts on human populations or environmentally important areas - including wetlands, forests, grasslands, and other natural habitats.”

APPLICABLE SOCIAL & ENVIRONMENTAL STANDARDS

Based on project documents, the following World Bank policies apply:

OP/BP 9.00

Because this project is funded under the Program For Results lending instrument, the World Bank Environmental and Social Safeguards do not apply. Instead, OP/BP 9.00 applies to this project. Under OP 9.00, the Bank conducts an Environmental and Social Systems Assessment (ESSA) of the project and sub-projects. The ESSA documents the environmental and social management procedures, standards and institutional responsibilities that will apply. It also evaluates the institutional capacity to manage the environmental and social impacts and assesses to what extent the systems the country has in place for managing environmental and social impacts are consistent with the principles in OP/BP 9.00.

Based on the ESSA, the Bank has concluded that the environmental risks are Substantial and the social risks are Substantial. The Bank notes that the primary environmental risks stem from potential impacts and risks during the construction and operational phases of the program. The primary social risks stem from land acquisition, the compensation required for some sub-projects, and engagement with Ethnic Minorities. Additionally, Bank documents recognize: 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 ESSA states that the Ethnic Minorities don't meet the Bank's definition of Indigenous Peoples/Ethnic Minority people, though they are recognized as Ethnic Minorities in Vietnam.

Bank documents also flag issues with capacity of the Borrower/Socialist Republic of Vietnam: Significant capacity building is proposed to ensure that the relevant agencies and stakeholders can participate effectively. The Bank ESSA states that 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.

People Affected By This Project

OUR RISK ASSESSMENT

Based on the project documents, this project poses potential risks to the following human rights:

Right to Property & Adequate Housing

Approximately 403 households will be relocated. According to the Bank, [m]any sub-projects will require land acquisition with different impact levels. Also, [w]hile 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. Tt the time of writing, Bank documents do not indicate the specific locations or number of affected persons impacted by sub-projects.

According to the Bank, the main risks associated with land acquisition and resettlement are the land valuation rate used for compensation is often below the replacement costs or market value; and services to resettlement sites and other aspects of livelihood restoration are not consistently provided. Implementation of Vietnam's national legal framework for resettlement and compensation varies by regulations and jurisdictions. Of note, there are no specific regulations relating to Ethnic Minorities in the context of land acquisition. This is discussed below.

Finally, the Bank states: 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.

Right of Marginalized and Discriminated Against Groups

According to the ESSA, the sub-projects will be implemented in areas with a high percentage of Ethnic Minorities. One of the primary risks identified by the Bank is 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. Further, [t]he potential impacts on Ethnic Minorities may be compounded by land acquisition and compensation issues. There are no specific regulations relating to Ethnic Minorities in the context of land acquisition.

Bank documents state that [t]here 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. Finally, Bank documents state that ethnic groups may also be affected culturally by physical construction activities or mobilization of workers from other parts of the country to the sites. It is imperative that these groups are included in informed decision-making in all phases of the development process in order ensure that their interests are represented.

Careful attention must be paid to these matters. According to Minority Rights Group International, the current development policies [in Vietnam] tend to result in minorities and indigenous peoples losing access to traditional land and resources . . . Land and development policies in particular, accompanied by what could be described as expropriation of traditional land and resources, are completely inadequate as they take the latter away from minorities and indigenous peoples and reallocate them to mainly ethnic Kinh - with the assistance of international lending and development organizations.

Rights of Indigenous Peoples

As noted above, the Bank has concluded that the Ethnic Minorities don't meet the Bank's definition of Indigenous Peoples/Ethnic Minority people, though they are recognized as Ethnic Minorities in Vietnam. Within the context of land

Investment Description

- World Bank (WB)

Bank financing: World Bank
Borrower: Socialist Republic of Vietnam
Amount of bank loan or investment: 250 USD Million
Total project cost: 270.00 USD Million

Contact Information

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CONSULTATIONS

The World Bank recommends that consultation and participation to be implemented, and that it be inclusive of ethnic minorities. Bank documents state that “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.” According to World Bank documents, the purpose of the consultation is to: brief participants on the [Environmental and Social Systems Assessment] approach under the PforR operation; “solicit feedback on the key findings and recommendations of the ESSA; and identify possible recommendation for the action plan.”

With respect to Ethnic Minorities, Bank documents recognize that there is a need to strengthen the implementation of the framework to ensure meaningful participation and consultation with local people, including Ethnic Minorities. Specifically, “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.”

PROJECT-LEVEL GRIEVANCE MECHANISM

Bank documents propose strengthening grievance redress mechanisms at the provincial and city levels as one measure to mitigate social risks. However, specific details are not provided.

ACCOUNTABILITY MECHANISM OF WORLD BANK

The World Bank Inspection Panel is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by a World Bank-financed project. If you submit a complaint to the Inspection Panel, they may investigate to assess whether the World Bank is following its own policies and procedures for preventing harm to people or the environment. You can contact the Inspection Panel or submit a complaint by emailing ipanel@worldbank.org. You can learn more about the Inspection Panel and how to file a complaint at: http://ewebapps.worldbank.org/apps/ip/Pages/Home.aspx.

Bank Documents

- Official Documents- Disbursement Letter for Credit 5476-VN (Closing Package) (English) [Original Source]
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- Official Documents- Recommendation of Statutory Committee for Credit 5476-VN (Closing Package) (Engl [Original Source]
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