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

Concept Stage | Date Prepared/Updated: 04-Apr-2017 | Report No: PIDISDSC18216



BASIC INFORMATION

A. Basic Project Data

Country Vietnam	Project ID P160162	Parent Project ID (if any)	Project Name Dynamic Cities Integrated Development Project (P160162)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Feb 28, 2018	Estimated Board Date Nov 16, 2017	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Lending Instrument Investment Project Financing	Borrower(s) State Bank of Vietnam	Implementing Agency Thanh Hoa People's Committee, Thai Nguyen CPC, Yen Bai CPC, Ninh Binh CPC, Ky Anh CPC	

Proposed Development Objective(s)

The proposed project development objective is to increase access to improved urban infrastructure services and enhance integrated urban planning and management capacity in the project cities.

Financing (in USD Million)

Financing Source	Amount
Borrower	65.00
International Development Association (IDA)	330.00
Total Project Cost	395.00

Environmental Assessment Category B-Partial Assessment	Concept Review Decision Track II-The review did authorize the preparation to continue
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Other Decision (as needed)



B. Introduction and Context

Country Context

1. Vietnam has sustained rapid economic growth rates since the introduction of the Doi Moi reforms in the late 1980s, allowing the country to transform from a low-income economy to a middle-income economy in one generation. With GDP growth averaging 5.3% annually, real GDP per capita more than tripled between 1990 and 2014. Economic growth coupled with the government's strong focus on inclusive social development has enabled Vietnam to drastically reduce the incidence of extreme poverty and to broaden prosperity. By the World Bank's measure of shared prosperity (i.e., the income growth of the bottom 40% of the population), Vietnam is one of the most noteworthy cases of long-term shared prosperity globally. The pace of economic growth is expected to continue, with the country's recently approved Socio-Economic Development Plan (SEDP) for 2016-2020 setting out an annual growth target of 6.5-7%.

2. As is common among developing and industrializing economies, urban growth has accompanied Vietnam's rapid economic expansion, with the fastest urban population growth concentrated in and around Hanoi and Ho Chi Minh City (HCMC). The urban population has grown by 3.1% annually, with half the country's population expected to live in urban areas by 2040.¹ However, the expansion of urban areas in Vietnam has been low-density and fragmented in nature. In addition, while peri-urban areas around the two major cities have benefitted from their proximity to key economic drivers, regions elsewhere in the country are at risk of falling behind. The World Bank's *Vietnam Urbanization Review* (2011) highlighted that access to basic services, such as sanitation, drainage and quality of water, remains low in secondary cities as compared to large cities. For example, while Hanoi has access to sanitation with connection rates above 80%, smaller cities have access rates as low as 15%. An additional challenge is the increased vulnerability of poor urban areas to climate change variations. Increased incidences of flooding and rising sea levels can have potentially dramatic effects on economies and populations; industries such as shipping, agriculture, and tourism, for example, may face significant pressure in vulnerable low-lying areas.

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

Sectoral and Institutional Context

Current Urbanization Trends

4. Urban areas currently account for 34% of Vietnam's population and contribute more than half of national GDP.² Global evidence suggests that the benefits from urban growth come from encouraging economic densification, which allow cities to harness the agglomeration economies that enhance productivity, spur innovation and economic

¹ Vietnam Urbanization Review (World Bank 2011); World Data Bank World Development Indicators <http://databank.worldbank.org/data/reports.aspx?source=2&country=VNM&series=&period=>

² World Urban Population data (World Bank 2015).



diversification, and facilitate more efficient service delivery. However, a notable characteristic of urban development in Vietnam has been low and stagnant levels of urban density. Between 2000 and 2015, urban density remained at 18.9 urban residents per hectare even as urban land expanded by over 650,000 hectares.³ Increasingly fragmented urbanization is driven in part by Vietnam’s current City Classification System (CCS), which provides fiscal incentives for rapid land conversion and physical expansion of cities, with little emphasis placed on urban density. In an analysis of seven cities that attained Class I status between 2009 and 2011, all but one city failed to meet the minimum standards for urban density, implying that other factors, such as the non-agricultural labor population and development of infrastructure, were relied on to qualify for upgrading.

5. Low and stagnant urban densities with limited infrastructure impede agglomeration economies.⁴ Vietnam’s fragmented pattern of urbanization, wherein development commonly takes place beyond the “official” urban core, means that expanding metropolitan areas are limited in their ability to develop infrastructure efficiently. This in turn gives rise to a host of other urban management issues, including growing traffic congestion, worsening air pollution, poor environmental management, and emerging informal settlements. There are other indications that the current urbanization pattern is constraining Vietnam’s economic transformation—the country’s land conversion-based urban development model, for example, has resulted in supply-driven industrial zones that do not emerge in response to demonstrated demand, and fragmented urban expansions that are not well-connected to transport networks or service delivery zones. The land area for industrial zones increased by approximately 77,000 hectares between 2000 and 2010, but the average occupancy rate of industrial zones remained below 50%.

In contrast to Vietnam’s low-density, fragmented urbanization, it is generally recognized that compact cities—with tightly-knit development patterns, strong public transport linkages, and good accessibility to services and jobs—are better able to respond to the growing needs of urban areas. By reducing travel distances within the city and lessening dependency on cars, compact cities are more efficient in their utility of infrastructure. Environmental impacts, such as pollution and greenhouse gas (GHG) emissions, are also lessened if automobile dependency is reduced in favor of public transport or other forms of non-motorized transport. A focus on physical expansion is unlikely to be sufficient to efficiently guide Vietnam’s rapid urban growth. Instead, emerging cities should re-consider existing urban development patterns and harness opportunities to develop more integrated multi-modal transport systems, which can improve accessibility to jobs and services, promote more compact urban forms and mitigate environmental externalities.

Role of Secondary Cities

6. The National Master Plan focuses on achieving balanced and strategic growth through a national urban system, consisting of urban centers of various grades and types distributed throughout the country. Specifically, it envisages the development of secondary and tertiary cities as hubs to drive development within larger urban areas and provinces. This is consistent with international experience, where there is growing recognition of the role of secondary cities – worldwide, these range in size from 150,000 people to 5 million people – as catalysts in facilitating localization economies and the efficient transfer of goods, people, services, and information within a system of cities at different levels (i.e., metropolitan, regional, national, and global). Balanced regional development and appropriate definitions of functions among different hierarchies of urban areas are of great importance. For example, large cities should provide a diverse range of services and connect to external areas, thus promoting international competitiveness, while secondary

³ Vietnam 2035 Report (World Bank 2016).

⁴ Vietnam 2035 Report (World Bank 2016).



cities should focus on specialized manufacturing activities. Many countries have been successful with this development pattern.⁵

7. As Vietnam seeks to sustain an ambitious growth trajectory, nurturing secondary cities with demonstrated economic potential to play a greater role in enhancing productivity and growth will be essential. However, it remains a challenge for many secondary cities to raise capital and attract the investment required to build infrastructure and support communities that are critical to create dynamic economies, improved livelihoods, and jobs.⁶ Demand for basic infrastructure remains high in smaller cities in Vietnam; many, for instance, still lack wastewater treatment facilities, and public transport networks often do not exist. Poor provision of infrastructure has implications both for the quality of life for existing residents, as well as on the attractiveness of the city for further investment and growth.

8. Recognition of the growing role of secondary cities is reflected in the World Bank's urban sector engagement strategy in Vietnam. The urban portfolio currently focuses on cities at different scales – firstly, integrated stand-alone operations in large cities (including Ho Chi Minh City, Hanoi, Da Nang, Hai Phong, and Can Tho); secondly, multi-city approaches targeting infrastructure development and strengthening urban management and planning in secondary cities; and finally, piloting new approaches, such as PforR, for supporting small cities and towns in lagging regions. The proposed DCIDP is aligned with the Bank's multi-city approach for secondary cities, broadly defined to include Class I, II and III cities with populations ranging from 100,000 to 500,000. It is in this vein, and on request by the GoV, that the Dynamic Cities Integrated Development Project (DCIDP) has been proposed.

Weakness in Urban Planning

9. Despite the long tradition of planning in the Vietnamese socialist system, urban planning has not effectively guided the country's urban development. Vietnam currently has five separate types of plans, from orientation plans at the national level (e.g., Socio-Economic Development Plans or SEDPs, developed once every five years) down to detailed area plans for districts, wards, industrial zones, or individual projects. Objectives in master plans are often not linked to a budgeting process and, in addition, planning laws and regulations are often ignored in suburban and peri-urban districts as well as in communes, rendering master plans all the more ineffective. Given the country's economic growth trajectory and projected urban growth, the need for more coordinated, evidence-based master planning is crucial. Detailed land use plans tend to adopt a "business as usual" view that does not consider factors such as reducing motorization, encouraging alternate forms of mobility and creating accessible, inclusive neighborhoods with high quality public spaces. It is recognized, for example, that while the provision of public spaces is necessary to improve quality of life, it is not adequately considered in urban planning, and as a result often fails to meet the needs of local communities⁷.

10. The World Bank's flagship *Vietnam 2035: Towards Prosperity, Creativity, Equity and Democracy* report, a recent study jointly developed by the GoV and the World Bank, emphasizes the need to strengthen institutions for integrated urban planning—both functionally (i.e., within and across sectors) and spatially (i.e., across contiguous urban areas and encompassing provincial and metropolitan/city-level plans)—to encourage scale economies at corridor, metropolitan area/conurbation, and regional levels. Master plans and other physical plans need to be linked to the budget process otherwise the credibility of such plans will suffer. The report also cautions cities against becoming locked into a "large

⁵ Vietnam 2035 Report (World Bank 2016).

⁶ Brian Roberts and Rene Peter Hohmann, *The Systems of Secondary Cities: The neglected drivers of urbanizing economies*, CIVIS Nov. 2014.

⁷ Vietnam.net, *Public spaces in Vietnam fail to meet public needs*. <http://english.vietnamnet.vn/fms/society/170812/public-spaces-in-vietnam-s-urban-areas-fail-to-meet-public-needs.html>



scale” development mindset, in which the accelerated conversion of rural to urban land encourages sprawl and oversized infrastructure. Large infrastructure and a lack of medium- and small-scale street networks will eventually limit the connectivity options available for the city (e.g. cycling, introducing public buses), further increasing private motorization.

Relationship to CPF

11. The proposed project supports two focus areas of the forthcoming World Bank Country Partnership Framework (CPF) for Vietnam 2018-2022. Firstly, DCIDP supports the first focus area of the CPF to “Enable inclusive growth and private sector participation” by directly contributing to the objective of improving planning, management, and delivery of infrastructure and land in the project cities (CPF Objective 5). Secondly, DCIDP supports the third focus area of the CPF to “Enhance environmental sustainability and resilience” by helping to improve disaster risk management of the project cities for better preparedness, including financial planning and protection and post-disaster recovery (CPF Objective 19). More broadly, DCIDP will support the recommendations made under the *Vietnam 2035* report by promoting the development of secondary cities, as well as equity and social inclusion in urban areas.

12. Importantly, the proposed project is fully aligned with the Bank’s Twin Goals of eliminating extreme poverty and boosting shared prosperity through increasing access to improved basic services for bottom 40% population and enhancing productivity, removing infrastructure constraints, improving connectivity, enabling exports, and providing jobs for local communities.

C. Proposed Development Objective(s)

Note to Task Teams: The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

The proposed project development objective is to increase access to improved urban infrastructure services and enhance integrated urban planning and management capacity in the project cities.

Key Results (From PCN)

13. The proposed results framework consists of a series of objectively verifiable PDO level results indicators and intermediate results indicators for the project cities, with annual targets for 2018-2022. The proposed PDO-level indicators are:

- *Reduced Flooding Risk:* Persons benefiting from reduced risk of flooding (number, percentage of female, and percentage of bottom 40%)
- *Improved Urban Environmental Sanitation:* Persons provided with access to piped sewerage provided by the Project (number, percentage of female, and percentage of bottom 40%)
- *Improved Urban transport:* Reduction in vehicle travel time on Project-financed roads (percent reduction from current travel time)
- *Improved Access to Public Space:* Households with access to high-quality public space within a 500 meter range (number)



- *Integrated Urban Planning*: Urban Plans developed using an integrated approach and adopted by the Provincial People’s Committees (number)
- *Improved Urban Management*: Implementation of a comprehensive and sustainable urban asset management plan with an approved annual budget for adequate operations and management (number)
- *Core Sector Indicators*:
 - Direct Project beneficiaries (number, percentage female)
 - Non-rural roads constructed or improved (kilometers)
 - Participants in consultation activities during project implementation (number)

D. Concept Description

14. DCIDP will support secondary cities that have demonstrated both current significance and future growth potential as province- and region-level urban economic centers. Consistent with Vietnam’s National Master Plan and aligned with the World Bank’s Twin Goals, the objective of the proposed project is to provide improved urban infrastructure services and support integrated urban planning and management in the project cities. As consistent with the cities’ approved master plans, the proposed operation will also provide financing for the strategic municipal infrastructure that will help the cities: (i) improve access to, and reliability of, urban services for the bottom 40% of population; (ii) promote the development of neighborhoods with access to high quality public spaces and public transport; and (iii) support continued socio-economic growth (e.g., by enhancing productivity and localization economies, removing infrastructure constraints, improving connectivity, facilitating local job creation, etc.). The proposed operation will also support the project cities in addressing fundamental urban development challenges through technical assistance (TA) for improved urban planning and management that will promote more compact, sustainable urban development, and the development of higher quality neighborhoods.

15. The five cities of **Ky Anh** (Ha Tinh Province), **Tinh Gia** (Thanh Hoa Province), **Ninh Binh** (Ninh Binh Province), **Yen Bai** (Yen Bai Province) and **Thai Nguyen** (Thai Nguyen Province) were identified on the basis of their economic growth potential, specific urban development needs (e.g., relating to climate/disaster risks, management of urban sprawl, environmental protection and management), and operational readiness. While these cities were identified as economic engines of the regions, they have varying rates of poverty and are at varying stages of urban growth, all five cities have similarities in terms of a quickened pace of urbanization, and uneven access to basic services, including 24-hour water supply, wastewater treatment, and road networks. Driven by the establishment of large-scale industrial economic zones, Ky Anh and Tinh Gia have been recently upgraded from district-level towns to Class IV cities. In contrast, Thai Nguyen (Class I), Ninh Binh (Class II), and Yen Bai (Class III) have longer histories as the urban centers for their respective provinces. Across the five cities, lack of financing sources and poor investment prioritization have resulted in increasing traffic congestion, flooding, and uneven spatial development, as well as the deterioration (or lack of provision) of public spaces. Road network development has also tended to encourage motorization, with little attention paid to the development of appropriate public transportation systems. All five cities are located in areas that are vulnerable to the impacts of climate change (as summarized in the Climate Change Screening in paragraphs 31-32).

Table 1: Poverty Data by City

Region	Province	Project City	Population	Poverty rate (%)	Population below national low-income level (%)
North East	Yen Bai	Yen Bai	100,450	5.0	25.3
North East	Thai Nguyen	Thai Nguyen	474,610	3.6	22.8



Red River Delta	Ninh Binh	Ninh Binh	118,300	4.1	28.2
North Central Coast	Thanh Hoa	Tinh Gia	220,090	9.7	45.9
North Central Coast	Ha Tinh	Ky Anh	85,000	9.0	41.7
National Average				8.4	

Source: General Statistical Office (GSO) –World Bank (WB) 2015

16. *Economic Profile.* Each of the project cities benefits from significant endowments, which have driven strong local and regional economic growth over the past decade. Annex 4 provides a brief overview of the socio-economic profiles of the cities.

- Leveraging strategic geographic locations and access to deep-water seaports, large-scale economic zones have been developed in Ky Anh and Tinh Gia. These are anchored on major FDI-driven heavy industrial investments, which have attracted a range of complementary investments in surrounding industrial parks. In both cities, major industrial plants are expected to be fully operational within 2017.
- Similarly, the economic growth of Thai Nguyen has been driven by nearby large-scale economic zones, which include a major Samsung manufacturing plant. Industrial growth has continued to expand into clean and high technology sectors, where the city has a competitive advantage due to its long history as a regional center for higher education.
- Ninh Binh benefits from being the location of significant tourism endowments, including the Trang An Scenic Landscape Complex, which is a UNESCO World Heritage Site.
- Yen Bai has benefited from a relatively diverse industrial and service-driven local economy but the recent completion of the Noi Bai-Lao Cai Expressway, which is connects Hanoi to the Lao Cai city near the Vietnam-China border, is expected to help accelerate local economic development by attracting foreign and domestic investments in manufacturing and tourism.

17. *Constraints in Urban Planning.* While the project cities each have strong potential for economic growth that can propel their development as dynamic urban centers, the spatial and economic planning capacities of the cities remain uniformly weak, with tenuous inter-linkages between spatial, economic, and investment planning (at both the city- and provincial-level). To capitalize on their competitive advantages and enable further growth, the cities require not just improvements to basic urban infrastructure but also more comprehensive and integrated urban planning that links physical development to overall socio-economic strategies, and which creates well-connected, inclusive communities. Currently, the master plans of the cities through 2030 suggest conversion of agricultural to urban land and urban expansion in almost all directions, without clear market demand analysis or an indication of phasing plans. The five-year socio-economic development plans of the cities (through 2020) are very broadly defined and do not fully account for how each city strategically plans to leverage their respective economic endowments to accelerate local economic development.

18. At the neighborhood level, plans do not adequately consider the provision of greenery or public space. The proposed expansions of road networks are not consistently supported by adequate traffic demand analysis. Plans also do not currently consider the introduction of public transport, which is a key element in reducing motorization and avoiding large-scale, inefficient transport infrastructure. Importantly, a considerable number of roads do not provide a suitable environment for pedestrians or cyclists, and do not necessarily facilitate residential and commercial accessibility for existing communities. Though at different stages of development, the road networks in all the project cities face the same challenges—the demand for improved connectivity and the need to integrate infrastructure and land use planning.



Further studies are necessary to assess street patterns and the potential for developing appropriate public transport systems based on each city's anticipated growth patterns and projected populations.

Project Components

19. A combination of structural and non-structural components is proposed to support the achievement of the PDO to provide improved urban infrastructure services and to support integrated urban planning and management in the project cities. The components are broadly outlined as follows and will be further detailed at project appraisal. The project cost estimate is detailed in Annex 1.

- Structural Component (US\$ 228.2M, excluding taxes, fees, and contingencies): A series of municipal investments will be financed in each project city to improve the access to and quality of critical urban infrastructure services, including those in urban environmental sanitation, and urban transport. The selection of infrastructure sub-projects will be aligned with the respective updated city master plans of each city and will be rigorously prioritized to ensure that these: (i) improve access to, and reliability of, urban services for the bottom 40% of the population; (ii) promote the development of neighborhoods with access to high-quality public spaces and public transport; (iii) support continued socio-economic growth; and (iv) meet accepted standards for technical and economic soundness, including resilience measures to limit the potential losses from disasters. The design and implementation of structural components will factor in gender (e.g. differentiated travel patterns and safety) and universal design (i.e., ensuring accessibility to older people, people without disabilities, and people with disabilities). Ownership of the proposed sub-projects will be assumed by the cities, with an adequate institutional arrangement and operations and maintenance (O&M) plan in place to ensure future sustainability. The proposed sub-projects may include those in the following sectors:
 - (a) *Urban environmental sanitation*: This includes the rehabilitation and embankment of lakes, streams and channels, and construction of wastewater treatment plants and networks. To address the pollution caused by domestic wastewater, new wastewater collection and treatment systems have been proposed in Ky Anh and Tinh Gia, while the expansion of existing systems have been proposed in Ninh Binh and Thai Nguyen. Across all cities, the overall improvement of the local drainage systems (including construction of new drains, dredging and embankment of streams and lakes, etc.) has also been proposed to address the need for improved flood management.
 - (b) *Urban amenities and public spaces*: Collectively, improvement of lakes and channels present potential opportunities to introduce new, accessible public spaces around the improved lakes and along canals to complement the environmental management investments, such as public green areas and promenades with lanes for both cyclists and pedestrians.
 - (c) *Urban transport*: This includes investments in strategic urban roads and bridges for better connectivity. Each of the cities has preliminarily proposed road and bridge sub-projects that were identified based on the cities' existing master plans. These proposals will be reviewed and finalized at project appraisal to ensure that they are based on sound analyses of travel and traffic demand and street design patterns. In addition, the proposals should promote more compact urban development, allow for mixed land uses and densification, promote non-motorized transport options as well as safeguard flexibility for the introduction of a public transport system. The provision of the proposed roads and bridges in each city is expected to provide better accessibility for residents to jobs, education, and other services, as well as to improve traffic safety.



- Non-Structural Component (US\$20.7M, excluding taxes, fees, and contingencies): A comprehensive package of TA and project implementation support will be provided to the PPCs of the project cities to strengthen their capacities for economic and spatial planning, and to ensure the strategic relevance and efficiency of the municipal infrastructure investments to be financed under the structural component of the project. During project preparation, options for directly engaging relevant line ministries (particularly, MOC) in the implementation of the TA activities will be explored in order to broaden their roles in the effective implementation of the project. Various modalities for leveraging economies of scale in the implementation of the TA activities (e.g., twinning experienced and less-experienced cities, assigning a lead city for each activity, and utilizing peer-to-peer knowledge-exchange approaches) will also be considered to maximize efficiency in the delivery of the TA activities across the five project cities. TA activities are expected to cover the following areas, in response to the specific needs of each project city:
 - (a) *Strategic socio-economic spatial planning*. All cities will receive TA in this area, but the TA will be tailored for all the project cities to facilitate the development/updating of comprehensive, context-specific strategic development plans that are: (i) based on the specific needs, economic endowments, and key development issues of each city (including a reassessment of economic and demographic assumptions and growth projections); (ii) functionally and spatially aligned with the updated provincial-level and regional-level strategic plans; (iii) reinforce their respective roles as secondary cities within the National Master Plan; and (iv) adopt tools for disaster and climate risk-informed urban planning.
 - (b) *Public transport planning*. TA will be provided to all project cities for the development of public transport development strategies and plans that are aligned with the updated city master plans and promote the expansion of local public transport systems.
 - (c) *Asset management*. TA will be provided to Tinh Gia and Ky Anh cities to enhance the sustainability of urban assets through the development of asset management plans with corresponding financial sources for operations and maintenance (O&M) of the project investments. The three other project cities already benefit from TA on asset management through their participation in on-going WB urban development operations.
 - (d) *Specialized development planning*. TA will be provided to each city to develop specialized development plans to address specific economic development needs and support the cities in driving long-term economic growth, specifically: (i) a tourism development strategy for Ninh Binh; (ii) a strategy for food safety, demand, and supplies for Thai Nguyen; (iii) a strategy for FDI attraction, job creation, and skills development for Tinh Gia; and (iv) a strategy for resilient city development for vulnerable Yen Bai and Ky Anh.
 - (e) *Project implementation support*. Capacity building and technical assistance will be provided to strengthen project implementation capacity in areas such as project management, environmental and social safeguards, financial management, procurement, and monitoring and evaluation.

Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

SAFEGUARDS

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



The proposed project covers five cities/town: Ky Anh city, Tinh Gia town, Ninh Binh city, Thai Nguyen city and Yen Bai city

- Ky Anh town (Ha Tinh province) is located on the east coast of the province with a natural area of 28,025 hectares, and a population of 90,000 people. The town is in the early development state. The town is home to Vung Ang Economic Zone with the key industries of Steel Plant, Vung Ang Thermal Power Centre, Petrochemical refinery plant, Vung Ang - Son Duong deep-water port.
- Tinh Gia town (Thanh Hoa province) is a class 3 city with an area of 26,000 ha and a population of 177,815 people. The Northern region is an urban, administrative, trading and tourism area, while the Southern region houses Nghi Son Economic Zone with uses such as an oil refinery, metallurgy, cement and sea port.
- Ninh Binh city (Ninh Binh province) is the administrative, political, economic, cultural, social center of Ninh Binh province with the natural area of 46.7km² and a population of nearly 118,322 people. The province has the famous Trang An Landscape which was recognized by UNESCO as a World Heritage. There are many historical relics and ancient temples, landscape bringing relaxed and comfortable feeling for tourists and visitors.
- Thai Nguyen city (Thai Nguyen province) is the political, economic, cultural, educational, science technical, medical, tourism, service centers of Thai Nguyen province. The total natural area is 18,630.48 hectares and with 474,611 people. The city functions as one the economic center which plays an important role in creating the motivation for the economic development of Northern midland and mountainous region.
- Yen Bai city (Yen Bai province) was founded in 2002 with the total area of 106.74 km² and a total population of 100,433 people. It is the political, economic, cultural, technological center of Yen Bai Province, the dynamic axis of the eastern key economic development zone of the province, identified as one of the sub-regional centers of the 14 Northern Midlands and Mountainous Region provinces.

B. Borrower’s Institutional Capacity for Safeguard Policies

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

C. Environmental and Social Safeguards Specialists on the Team

Thang Duy Nguyen, Son Van Nguyen

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The construction and rehabilitation of the urban infrastructure under the project would involve: i) construction and rehabilitation of urban roads and bridges; ii) construction of sewers and wastewater treatment plants (WWTP); iii) rehabilitation of flood drainage canals and balancing lakes; and iv) construction of resettlement areas. However, these



civil works are proposed at a small to medium scale. The subproject sites would be located mainly in urban settings, on vacant land, agricultural land, and along the corridor of existing roads. The vegetation cover in the subproject areas mainly includes bushes, fruit trees, and paddy rice. The physical, chemical, and biological environments in the project areas are already heavily impacted and altered due to intense anthropogenic use and activity. All the proposed subprojects would not be located within or near critical natural habitats, forests, archaeological and historical sites. Therefore, the likelihood of sensitive or vulnerable receptors existing in the project areas is very low.

The project's overall potential environmental and social impacts would be positive as it is expected to bring about improved city drainage and flood capacity, transportation, and sanitation. The environmental and social screening during project identification indicates that the proposed project would not impact critical natural habitats and forests, or important physical cultural resources. The majority of the potential adverse impacts relate to land acquisition and construction activities. These include commonly known construction impacts and risks, such as: i) safety risks related to unexploded ordinances; ii) increased level of dust, noise, vibration; iii) pollution risks related to generation of waste and wastewater, particularly large amount of excavated/dredging materials; iv) traffic disturbance, and increased traffic safety risks; iv) interruption of existing infrastructure and services; v) disturbance to daily socio-economic activities in project area and social disturbance; vi) health and safety issues related to the public and the workers at construction sites; vii) social impacts associated with construction disrupting businesses by construction related activities and mobilization of workers to the construction site, etc.

The potential impacts during operation include the impacts of sludge and malodor generated from the wastewater treatment plants, and traffic safety on newly built roads. Upon completion of the Ninh Thang – Truong Yen tourist road in Ninh Binh city, there may be an increase in the number of tourists to Trang An, a UNESCO World Heritage site. However, the increase is not expected to be at a level that would have



significant adverse impacts on the heritage site. The induced impact may include localized urban development in some city areas. Nevertheless, it is not anticipated that there would be significant induced and cumulative impacts during construction and operation.

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

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

An Environmental and Social Impacts Assessment (ESIA)/ Environmental and Social Management Plan (ESMP) will be prepared for each of the cities and towns to assess the potential impacts and risks of the proposed mitigation measures in line with the government regulations and the Bank safeguard policies. The ESIA will include the World Bank Group Guidelines on Environmental, Health and Safety. Public consultation will be carried out as part of ESIA/ESMP preparation. The final draft ESIA/ESMPs will be disclosed on the Bank website and locally for public access prior to project appraisal.

The project will be implemented in urban areas and will not involve significant conversion or degradation of critical natural habitats or other natural habitats. The project is expected to bring benefit to the environment by cleaning up lakes and streams and intercepting and treating wastewaters. However, some civil works will be implemented on existing natural habitats such as construction of Huong Thuong on Cau river, and dredging of the Nam Cuong ecological lake system in Yen Bai city. During

Natural Habitats OP/BP 4.04

Yes



		operation, indirect impacts of overcrowding on the natural habitats of the Trang An heritage site due to increased number of tourists to the site might be anticipated. The potential impacts and their associated mitigation measures will be identified and addressed in the related subproject ESIA and ESMPs.
Forests OP/BP 4.36	Yes	The project will be implemented in urban areas and would not include planned investments involving forest harvesting or forest management. However, the Tinh Gia subproject proposes to include construction of a 1.2km urban road and a 10km coastal road which would require acquisition of about 1.33 hectares and 0.15 hectares of a poor quality plantation protection forest, respectively; therefore, this policy is triggered. The potential impacts on this protection forest and their associated mitigation measures will be identified and addressed in the subproject ESIA and ESMP.
Pest Management OP 4.09	No	The project will not involve the production, procurement, storage, handling or transportation of any pesticide, nor will it result in an increased use of pesticides. Therefore, the policy is not triggered.
Physical Cultural Resources OP/BP 4.11	Yes	The project is not anticipated to have potential impacts on important Physical Cultural Resources (PCRs). However, it would involve civil works with excavation and the relocation of graves, which are also considered PCR. Mitigation measures for the relocation of graves will be included in the respective subproject Resettlement Action Plan (RAP) and ESMP, as appropriate. The direct and indirect impacts on the Trang An UNESCO World Heritage Site and other PCRs, if any, such as monuments, temples, churches, religious/ spiritual and cultural sites and related mitigation measures will be addressed in the physical cultural resources management plan of the related ESIA/ESMP. In any event, a chance finds procedure will be prepared and included in the subproject ESMPs, and bidding and contractual documents.
Indigenous Peoples OP/BP 4.10	No	Screening of the proposed subproject areas showed that there are no ethnic minority communities living in or collective attachment to the project cities that meet the criteria of OP 4.10, so OP/BP4.10 is not triggered.
Involuntary Resettlement OP/BP 4.12	Yes	Screening of the proposed subprojects also showed that the project would involve land acquisition of about 2,457 households (HHs), of which 641 HHs (28 HHs in Ky Anh, 80 HHs in Thai Nguyen, 140 HHs in Yen Bai, 155 HHs in Ninh Binh, and 238 HHs in Tinh Gia)



would have to relocate or reorganize on the remaining residential land. These impacts will cause substantial social risks such as loss of income and livelihood and disrupted social bonds due to loss of land and/or relocation. However, all potential impacts and risks could be predictable, mitigatable and manageable by applying all possible mitigation measures including design alternatives, compensation at replacement cost, provision of land plots in resettlement sites to be constructed within subproject ward/commune for relocated households, and provision of livelihood restoration package for severely and vulnerably affected households. All the potential social impacts and associated mitigation measures will be included in a Resettlement Action Plan (RAP) for implementation. According to OP4.12, a RAP is required for each city/town of the project and submitted to the Bank for clearance before appraisal. On the Bank side, a Resettlement Policy Framework (RPF) is not required for the project because all subprojects and their boundaries have been identified at time of project preparation. However, land law 2013 of Viet Nam requires to prepare a RPF for project covering multi-provinces like this project. The RPF will provide principles of involuntary resettlement policy and guide for preparation of RAPs. Therefore, all RAPs and RPF will be prepared by the participating provinces based on results of social impact assessment (including census, inventory of losses, socio-economic survey) and submitted to government competent agencies for approval and to the Bank for clearance.

Public consultation will be carried out as part of RAP/RPF preparation. The draft final RAPs and RPF will be disclosed locally in the local language, and at the Bank's internal and external websites prior to appraisal.

Screening of the proposed subprojects also shows that there are 2 proposed subprojects in Ninh Binh city to be connected to 2 other roads, which have been funded by government funds and for which resettlement has already been completed in 2016 prior to the identification mission of the Bank and civil works is going on. These roads are identified as linked activities with the Bank-funded project because they directly affect objectives of the project. Therefore, due diligence study is required to examine outcomes of the



resettlement process for the related activities to ensure that the people affected by land acquisition associated with the related activities are able to restore or improve their livelihoods and standards of living compared to the pre-project level. For any ongoing or planned land acquisition or resettlement after the Bank identification mission identified by due diligence study, the borrower will be advised these are part of RAP and subject to OP 4.12. No further land acquisition or resettlement should take place until approval of the RAP.

For non-infrastructure component, all proposed activities are focusing on strengthening capacity of the project cities for urban planning, urban development strategy, asset management and project implementation. Therefore, no safeguards issues are expected to occur in this component and Client is also advised to avoid this issue when selecting activities.

The project would not involve construction or rehabilitation of dams nor would it affect or depend on the safety of any existing dam.

The project will not be implemented on any international waterways.

No part of the project activities will be implemented in a disputed area, so the policy is not triggered.

Safety of Dams OP/BP 4.37

No

Projects on International Waterways OP/BP 7.50

No

Projects in Disputed Areas OP/BP 7.60

No

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Sep 29, 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

All project subproject ESIA/ESMPs, RPF and RAPs will be completed and disclosed locally and at the Bank’s internal and external websites by October 2017 prior to appraisal.

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APPROVAL

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Note to Task Teams: End of system generated content, document is editable from here.