

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED
SAFEGUARDS DATA SHEET (PID/ISDS)
ADDITIONAL FINANCING**

Report No.: PIDISDSA20464

Date Prepared/Updated: 15-Jan-2017

I. BASIC INFORMATION

A. Basic Project Data

Country:	Vietnam	Project ID:	P159426
		Parent Project ID (if any):	P116398
Project Name:	Vietnam - Additional Financing for Medium Cities Development Project (P159426)		
Parent Project Name:	Medium Cities Development Project (P116398)		
Region:	EAST ASIA AND PACIFIC		
Estimated Appraisal Date:	26-Dec-2016	Estimated Board Date:	26-Apr-2017
Practice Area (Lead):	Social, Urban, Rural and Resilience Global Practice	Lending Instrument:	Investment Project Financing
Borrower(s):	State Bank of Vietnam		
Implementing Agency:	Project Management Unit (PMU) in Lao Cai, Project Management Unit (PMU) in Phu Ly, Project Management Unit (PMU) in Vinh		
Financing (in USD Million)			
	Financing Source	Amount	
	BORROWER/RECIPIENT	15.06	
	International Bank for Reconstruction and Development	40.00	
	International Development Association (IDA)	13.00	
	Financing Gap	0.00	
	Total Project Cost	68.06	
Environmental Category:	A - Full Assessment		
Appraisal Review Decision (from Decision Note):	The review did authorize the team to appraise and negotiate		
Other Decision:			
Is this a Repeater	No		

project?	
----------	--

B. Introduction and Context

Country Context

Vietnam has sustained rapid economic growth rates since the Doi Moi reforms, allowing the country to transform from a poor nation to a middle-income country in one generation. Urban growth has accompanied Vietnam's rapid economic expansion, with a steady urban population growth rate of 3.1%, and half the country's population expected to live in urban areas by 2040. While Vietnam has made universal improvements in basic service provision and housing conditions, disparities remain in the quality and quantity of services provided, especially in regions outside of the main cities of Hanoi and Ho Chi Minh City. Close to universal coverage in access to electricity has been achieved, but access and reliability of water and sanitation services lag behind.

The GoV has taken a strategic stance on urbanization. The *Adjustment of the Master Plan for Urban Development in Vietnam to 2025 and Vision to 2050* strategy, for example, emphasizes that Vietnam's urban transition must take place through well-balanced and strategic growth of cities. At the same time, however, inadequate planning and a lack of infrastructure are already adversely impacting medium and small cities, which have limited institutional capacity and financial resources to keep up with the pace of growth. The MCDP cities of Lao Cai, Phu Ly and Vinh are broadly representative of Vietnam's medium-sized cities. The provision of support for both infrastructure development and capacity-building through MCDP reflects the important role that medium cities can play in Vietnam's urbanization and development process, as well as the need to ensure balanced and equitable growth throughout the country.

The proposed AF is aligned with the World Bank Group's Country Partnership Strategy (CPS) for Vietnam 2012-2016. The AF, together with the parent project, will directly support all three pillars of the CPS: (i) strengthening Vietnam's competitiveness in the regional and global economy; (ii) increasing the sustainability of its development; and (iii) broadening access to opportunity, through improvements in the quality of and access to urban infrastructure. The AF and the parent project also address the cross-cutting themes of the CPS: (i) strengthening governance; (ii) supporting gender equality; and (iii) improving the City's resilience in the face of natural disasters. In addition to being aligned with the CPS, the proposed AF will continue to be aligned with the World Bank's twin goals of ending extreme poverty and boosting shared prosperity. Investments financed by both the parent project and the AF explicitly target wards where the bottom 40% of the population are concentrated, as a means to reduce the poverty gap within the cities. Investments in strategic roads in all cities also helps to improve connectivity and enable economic growth.

Sectoral and institutional Context

Overall, the Government has a clear policy on urban development. This is particularly so for the water, wastewater, and drainage aspects of urban development, for which the Government has clearly enunciated its policies, specifically Decision No. 1929 (water) and 1930 (wastewater and drainage). For water, the Government intends to: (i) increase coverage to 90% by 2020 for cities of classes I to IV and to 70% for class V towns; (ii) increase cost recovery through user charges; (iii) create an environment for the utilities to operate on commercial principles; (iv) modernize the technology used in the sector; and (v) protect water sources and improve the environment. For

wastewater and drainage, the Government intends to: (i) expand drainage coverage to 80% by 2020; (ii) increase coverage of wastewater collection and treatment to 60% for class I to III cities, and 40% for class IV and V cities; (iii) over time replace subsidies with user charges; and (iv) increase the coverage of wastewater treatment to cities and towns that presently do not have wastewater collection and treatment facilities. At present, however, each sector faces challenges, including intermittent water supply and inadequate coverage, and improper treatment of wastewater. Operations and maintenance costs for wastewater are not fully recovered and are financed through subsidies from the province.

For urban roads, which typically account for the bulk of cities' public infrastructure investment, there is no equivalent policy framework. The roads are designed and constructed, in terms of lane widths, pavement structures, drainage provisions, etc., generally in accordance with the standards prescribed by the Ministry of Transport. The designs for urban areas, for which cities and towns have more latitude based on their approved master plans, typically include wide medians and footpaths, but have little provision for pedestrian movement, particularly road crossings. They give little attention to road safety considerations.

C. Proposed Development Objective(s)

Original Project Development Objective(s) - Parent

The project development objective is to increase access to improved urban infrastructure services in three selected medium sized cities, Lao Cai, Phu Ly, and Vinh, in a sustainable and efficient manner.

Proposed Project Development Objective(s) - Additional Financing

The objective of the project is to increase access to improved urban infrastructure service in selected medium-sized cities in Vietnam.

Key Results

The requested Additional Financing of US\$53 million would: (i) close a financing gap of approximately US\$13 million resulting from exchange rate losses; and (ii) scale-up investments in critical areas which were omitted in the original design, in order to enhance project benefits. The proposed scaled-up activities are aligned with the MCD's existing components. The appreciation of US\$ against SDR resulted in a decrease in IDA funds for the project, from the original US\$210 million to US\$184 million, a reduction of 12%. In the case of Vinh City, biggest sub-project, the impact was mitigated by reducing the scope of road investments and the use of contingencies. In the cities of Lao Cai and Phu Ly, however, major investments have been affected by the reduced availability of funds. The cancellation of these investments would adversely affect the achievement of the PDO, unless corrective action through the AF is taken.

D. Project Description

The requested Additional Financing of US\$53 million would support Phu Ly and Lao Cai to: (i) close a financing gap of approximately US\$13 million resulting from exchange rate losses; and (ii) scale-up investments in critical areas which were omitted in the original design, in order to enhance project benefits.

Component Name

Component 1: Urban Basic Infrastructure Upgrading and Services Improvement

Comments (optional)

Component 1: Improving urban infrastructure and service conditions in existing urban areas, including construction and rehabilitation of basic infrastructure systems such as water supply and sanitation, drainage, sewer, power supply, street lighting, roads, and schools.

Component Name

Component 2: Urban Water Supply and Environmental Sanitation

Comments (optional)

Component 2: dredging, embankment and rehabilitation of selected regulation lake(s) and river (s), and rehabilitation of drainage systems and related infrastructure for water supply, drainage, wastewater collection and treatment, and flood mitigation, including improving drainage, resurfacing of roads and pavement.

Component Name

Component 3: Urban Roads and Bridges

Comments (optional)

Component 3: construction and rehabilitation of road(s) and bridge(s).

Component Name

Component 4: Project Management Support and Technical Assistance

Comments (optional)

Component 4: provision of support for: (a) project management and supervision; and (b) independent social and environment monitoring, financial audit and project evaluation.

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

The original MCDP project is being implemented in three cities, namely Lao Cai, Phu Ly and Vinh. The AF MCDP project will be implemented in Phu Ly (Ha Nam Province) and Lao Cai (Lao Cai Province) cities only. Although the cities are quite different in many respects, they are similar in that they consist of old urban areas with generally established but severely deteriorated infrastructure, and new expanding areas which have inadequate infrastructure.

Lao Cai is located on Vietnam's northwest border with China, situated on both sides of the Red River where it emerges from China. There is no existing wastewater treatment system; as such, wastewater is now collected and channeled directly into the Red River. The city's master plan envisages the city expanding to the southeast, along a relatively narrow plain on the right bank of the river. The resettlement sites required to accommodate the displaced people were built by parent project in this new residential area. The new city expansion includes hilly areas. The city as a whole has 46% of its land covered by forests, of which 57% is for protective purposes (for watershed protection) and the remaining are production forests. In the project areas, which are located in 13 of the city's 17 wards, the forest coverage is 33%. The investments under parent project and AF however do not acquire any land of the protective forest, investments include upgrading tertiary infrastructure, water supply distribution network, drainage and sewer collection system of existing communities, construction of Wastewater Treatment Plant (WWTP) and construction of roads and bridges in the new urban areas. Wastewater collected under Component 1 of the AF will be transferred to the existing WWTP built by city in Pho Moi area, treated effluent will be empty to the local unnamed stream before being discharged into the Red River.

Phu Ly is located about 50 km south of Hanoi, on National Highway 1, which is parallel to the main north-south railway. The city is presently small, consisting essentially of an old urban area clustered along both banks of the Chau Giang River. The city's master plan provides for relatively modest improvement to the existing urban areas, without major dislocation of residents, and more substantial infrastructure development in a new urban area to the north. There are two new WWTPs being constructed for the old part of the city and the expansion in the south. Effluent from a third WWTP in the proposed expanded city to the north is funded by the parent MCDP project and is currently under construction. The collected wastewater from communities under Component 1 of the AF project will be treated by this WWTP and discharged into the Chau Giang River. Several small lakes will be improved to become part of the city's green space and also to serve an important flood mitigation and retention purpose.

F. Environmental and Social Safeguards Specialists

Hoa Thi Mong Pham (GSU02)

Son Van Nguyen (GEN2B)

Thuy Cam Duong (GEN2B)

II. Implementation

Institutional and Implementation Arrangements

The AF proposes to retain the successful implementation and institutional arrangements currently in place for MCDP. While none of the three cities had extensive experience with the implementation of international donor-financed infrastructure projects at appraisal, institutional capacity has improved over the implementation period. Project management, for example, has remained sound, and has been strengthened with the implementation of a comprehensive capacity-building plan, which targets all levels from provincial departments, city divisions and PMUs. Procurement and implementation of AF activities are estimated to be completed within 36 months, i.e., from Jan 1, 2018 to December 31, 2020. Conservatively, a 36-month extension (from December 31, 2017 to December 31, 2020) is envisaged for the MCDP, including a 6-month extension on the original credit from December 31, 2017 to June 30, 2018. It is proposed that the AF credit and loan would close on December 31, 2020.

III. Safeguard Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project will bring about various positive socio-environmental impacts, such as improved environmental sanitation and urban landscape; increased wastewater collection and urban drainage capacity; reduction of public health risks associated with water-borne diseases and related health-care cost reduction of safety risks and asset loss caused by inundation; and increased accessibility of local people to nearby areas. However, the policy is triggered due to the potential adverse environmental and social impacts associated with the interventions under components 1, 2 and 3, which would require the identification, mitigation, management and monitoring of such impacts.

		Under the AF, two Environmental and Social Impact Assessments (ESIAs), which include the Environmental and Social Management Plan (ESMPs) for the two cities sub-projects of Lao Cai and Phu Ly have been prepared and disclosed on November 29, 2016.
Natural Habitats OP/BP 4.04	Yes	The AF project will not impact any protected area, nor will it affect important/endangered flora or fauna species or biodiversity areas of high value. However, the environmental and social screening and scoping of the sub-projects confirmed that natural habitats are present in the project areas, including the Red River, Nhac Son lake, Ngoi Dum stream in Lao Cai; the Chau Giang River and Lam Ha 1 lake in Phu Ly. Construction of the embankments and dredging activities would have some potential adverse impacts on natural habitats of the rivers and lakes, including loss of benthic habitats and disturbance of benthic organisms. Impacts and mitigation measures have been included in the sub-project ESIAs and ESMPs to address these impacts.
Forests OP/BP 4.36	No	The AF will be implemented in urban areas. However, Lao Cai city sub-project requires acquisition of 1.6 ha of the land used for plantation of acacia and cinnamon in the Van Hoa commune, Lao Cai city. Although this land has been classified as forest land and has been handed over to the local people for their use, no natural forests are maintained. The sub-project does not involve forest plantation or management and would not (i) have the potential to have impacts on the health and quality of forests; (ii) affect the rights and welfare of people and their level of dependence upon or interaction with forests; or (iii) aim to bring about changes in the management, protection or utilization of natural forests or plantations, whether they are publicly, privately, or communally owned. Therefore, this policy is not triggered.
Pest Management OP 4.09	No	The AF will not involve the use, production, purchase, storage, handling, and transportation of any pesticides, nor will it result in an increased use of any pesticides.
Physical Cultural Resources OP/BP 4.11	Yes	The AF does not necessitate relocation of physical cultural resources (PCRs) such as monuments, temples, churches, religious/spiritual and cultural sites. However, the AF will lead to the relocation of 5 graves in Lao Cai and 10 graves in Phu Ly sub-projects, which are considered PCRs in the Vietnam context. The cities' ESMPs have included site-specific measures to reduce the impacts of grave relocation. In addition, since the AF includes dredging and excavation activities, which may result in chance finds, a chance finds procedure has been included in the sub-project ESMPs, and for

		construction-related impacts to the adjacent PCRs. A chance finds procedure has also been included in the ESMPs to manage chance finds during the earth works stage.
Indigenous Peoples OP/BP 4.10	Yes	There are some ethnic minority groups living in the project areas of Lao Cai city. While almost fully integrated with mainstream society, they are generally poorer and more vulnerable compared to the majority Kinh people. A social assessment has been conducted to identify potential impacts and mitigation measures. About 18 ethnic minority households will be affected by land acquisition; in addition, impacts during construction such as labor influx, road accidents or traffic safety concerns may be felt. As such, OP/BP4.10 is triggered. An ethnic minority development plan (EMDP) has been prepared to ensure the full inclusion of ethnic minority households in the project development process, and to minimize any identified adverse impacts on them.
Involuntary Resettlement OP/BP 4.12	Yes	<p>About 30.4 ha needs to be acquired for the new investments in the two project cities (including 3 ha of residential and 11 ha of agricultural land), which would result in about 347 households being affected. Resettlement plans (RPs) have been developed for each of the city's additional investments in line with OP4.12.</p> <p>There is a linked activity in Phu Ly (Liem Chinh resettlement site), and a due diligence review of land acquisition activities has been included in the RP. Most of the land acquisition and site clearance activities (32 affected households) were completed in 2005, with the remaining land acquired between April and June, 2016 (23 affected households). All 55 households were marginally affected. Site clearance and compensation activities were assessed as having been carried out in line with prevailing GoV regulations, but the 23 households affected in 2016 did not receive compensation in line with OP 4.12 policies. Phu Ly city will thus ensure that the AF compensation plans will compensate the previously-affected households in compliance with the project's policies.</p>
Safety of Dams OP/BP 4.37	No	The AF project will not affect any dam or is dependent on the safety of any existing dam.
Projects on International Waterways OP/BP 7.50	Yes	Under the AF, the Lao Cai sub-project will collect wastewater in Van Hoa Commune and transfer it for treatment at a nearby WWTP, with subsequent discharge of the treated effluent into an unnamed stream, which is a tributary of the Red River, an international waterway. Therefore, the OP 7.50 policy is triggered in accordance to para 7(b). However, the AF Project falls within the exception to notification provisions, namely para 7(a) of the policy. The ESIA prepared for the sub-project

		confirmed that the additional discharge of treated wastewater from the existing wastewater treatment plant would not have appreciable harm to the Red River flow and water quality. Furthermore, the proposed sub-project area is located in the downstream of the Red River; hence, the investment will not certainly affect the water quality or flow in the upstream riparian countries. Therefore, it is assessed that the project falls within the riparian notification exception under paragraph 7(a) of OP 7.50, and that no riparian notification is required. The memorandum for approval of the riparian notification exception was signed by the Regional Vice President in January 2017.
Projects in Disputed Areas OP/BP 7.60	No	The AF project is not implemented in a disputed area.

IV. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p> <p>The Parent Project triggered OP4/BP 4.01. Environmental Assessment; OP/BP 4.11 Physical and Cultural Resources; OP/BP 7.50 International Waterway; OP/BP 4.12 Involuntary Resettlement; and OP/BP 4.10 Indigenous Peoples.</p> <p>The proposed AF Project will be implemented in Phu Ly and Lao Cai cities. The civil works under the AF include: (i) construction, upgrading and rehabilitation of short urban roads and bridge; (ii) construction of sewage and drainage system; (iii) installation of water supply distribution network; (iv) construction of short section of river embankment; (v) dredging, embankment and rehabilitation of lakes to separate sewage and storm water; and (vi) construction and upgrading of school and kindergarten blocks. The investments under the AF, however, are of smaller scales compared to the larger and more complex civil works under the parent project. The ESIA's of the two sub-projects confirmed that their potential adverse environmental and social impacts on human populations and the environment are less adverse than those of the parent project. These impacts are site-specific; few if any of them are irreversible; and in most cases mitigatory measures can be designed more readily than for the parent project. Therefore, the two sub-projects under the AF are classified as Category B sub-projects.</p> <p>The sub-projects' overall potential socio-environmental impacts would be positive as they are expected to bring about: (i) improved environmental sanitation and urban landscape; (ii) increased wastewater collection and urban drainage capacity; (iii) minimize discharge of untreated wastewater into the environment; (iv) reduction of public health risks associated with water-borne diseases and related healthcare cost; (v) reduction of safety risks and asset loss caused by inundation; (vi) increased accessibility of local people to nearby areas.</p> <p>The potential negative environmental and social impacts are associated with the proposed physical investments. These include commonly known construction impacts and risks, such as: (i) loss of vegetation cover and trees, disturbance to the habitats of aquatic species, (ii) increased level of dust, noise, vibration; (iii) pollution risks related to generation of waste and wastewater,</p>

particularly moderate amount of non-contaminated excavated/dredging materials; (iv) traffic disturbance, and increased traffic safety risks; (v) erosion and land slide risk on slopes and deeply excavated areas as well potential negative impacts on existing weak facilities; (vi) interruption of existing infrastructure and services such as water and power supply; (vii) disturbance to daily socio-economic activities in project area; (viii) health and safety issues related to the public and the workers at construction sites; and (ix) social impacts associated with land acquisition, construction disrupting businesses by construction related activities and mobilization of workers to the site.

The main issues during the operation of project investments would include the small amount of sludge generated from sewage and drainage system, wastewater and domestic solid waste from the constructed and upgraded schools, traffic management during the operation of the newly constructed roads and bridge. These impacts are long-term, moderate and manageable.

Although the sub-projects under the AF are classified as Category B sub-project, these two city sub-projects are closely related to the original Category A MCDP Project. To continue rigorous monitoring and supervision during implementation in order to ensure satisfactory environmental and social performance of the project, the Category A classification has been retained for the whole MCDP Project including the AF. Monitoring and supervision at the Category A project level for these two sub-projects will be applied during implementation.

The AF sub-projects are located within urban areas and will not cause loss of sensitive forests and natural terrestrial habitats. Nevertheless, some civil works will be implemented on natural rivers and lakes such as Nhac Son lake, Ngoi Dum stream in Lao Cai city; the Chau Giang River and Lam Ha 1 lake in Phu Ly city, and would potentially impact aquatic natural habitats. Therefore, OP/BP 4.04 have been additionally triggered for the AF Project.

Potential impact on Natural Habitats: The sub-project ESIA's indicated that the AF would not impact any protected area nor will it affect important/endangered flora or fauna species or biodiversity areas of high value. The project is anticipated to have potential impacts on natural habitats of the lakes and rivers running through city due to the wastewater collection, dredging, and embankment activities. The embankment of Chau Giang river in Phu Ly and the collection and treatment of wastewater in Van Hoa Commune, Lao Cai city before discharging into Red River will bring about positive impacts i.e. reduced soil erosion and reduced pollution load to these watercourses. The impacts during the dredging of the Lam Ha 1 Lake and Nhac Son Lake include the loss of benthic habitat and disturbance of benthic organisms during the construction period. These impacts are assessed as temporary and could be mitigated. The mitigation measures to address these impacts have been included in the sub-project ESIA's and ESMP's.

Potential impacts on Physical Cultural Resources (PCRs): The AF will lead to the relocation of 5 graves in Lao Cai and 10 graves in Phu Ly sub-projects, which are considered PCRs in the Vietnam context. The cities' ESMP's have included site-specific measures to reduce the impacts of grave relocation. In addition, since the AF includes dredging and excavation activities, which may result in chance finds, a chance finds procedure has been included in the sub-project ESMP's, and for construction-related impacts to the adjacent PCRs. A chance finds procedure has also been included in the ESMP's to manage chance finds during the earth works stage.

Lessons learned:

Under the parent project, the environmental safeguard implementations of the three participating cities have been assessed as \geq (Moderately Satisfactory) \geq (or better. Drawing on the experience

gained so far in environmental management and supervision, the following lessons will be applied for the AF project during implementation:

1. From an early stage, close monitoring and guidance from the Bank's safeguards team is necessary to ensure proper functioning of the safeguards management system;
2. Full supervision of ESMP implementation by Construction Supervision Consultant (CSC) is necessary to ensure project progress in accordance with the necessary requirements;
3. Close monitoring and enforcement by PMUs is important in ensuring compliance with safeguards standards. Each MCDP city has established an Environmental and Social Unit (ESU), with which the Bank team will continue to work closely to ensure continued compliance and maintenance of adequate safeguards standards;
4. Close coordination between PMU and the Independent Environmental Monitoring Consultant (IEMC) is necessary and should be enhanced in order to ensure that all findings from the IEMC are shared with CSCs and contractors in a timely manner;
5. While compliance of contractors has increased over time, the recurrence of several safeguards issues over the monitoring period necessitates more stringent monitoring by CSCs and PMUs. A safeguards compliance framework has been included in the AS ESMPs to better enhance compliance;
6. In terms of land acquisition and resettlement, working closely with local authorities to understand outstanding issues or complaints from affected households and full understanding and implementation of RPFs/RPs is critical;
7. Technical Assistance (TA) activities are important to ensure sustainability of infrastructure constructed, e.g. TA to support the development of urban sanitation strategies, comprehensive O&M plans and drainage and wastewater plans under the parent MCDP.

Due diligence review:

The due diligence review was carried out by the Borrower for the ancillary facilities and related projects. The results of the review indicate that most of them are either existing or under construction and will be completed and operational by the time the MCDP AF sub-projects commence implementation. A summary of the due diligence is provided below.

For Lao Cai, the due diligence reviewed was conducted for (i) the existing D1 road section connecting to the D1 road section proposed under Lao Cai city sub-project and (ii) the Dong Pho Moi wastewater treatment plant (WWTP) which will receive the wastewater from Van Hoa Commune; (iii) Tong Mon landfill, which will receive the dredged sediment from the central lake. The existing D1 road section will connect the 9 roads under Bank's financing in Van Hoa Commune with the developed urban area. The construction period of this road section was completed by 2015 and land acquisition was completed in 2012. During the road implementation, no complaint has been filed or recorded. The land compensation has applied Lao Cai PPC of compensation and resettlement.

The Dong Pho Moi WWTP was constructed in 2015 but has not yet been operated due to an incomplete wastewater collection system and inadequate wastewater for treatment. When the WWTP is put into operation, monitoring of the treated wastewater is recommended. The project preparation and construction complied with the national environmental regulations. Land acquisition for the industrial park (IP) was carried out from 2000-2005 and applied Lao Cai policy for compensation and resettlement for the entire industrial park. Being located within the property of the IP, the WWTP is therefore has no resettlement and compensation issues.

Tong Mon landfill: Tong Mon Landfill is located in Tong Mon Hamlet, Dong Tuyen Commune of Lao Cai City. The treatment plant has been constructed as part of the landfill. The landfill has an area of 46ha with waste handling capacity of 70 tons/day. Operating from 1999, its capacity is designed to serve for 25 years until 2024. The landfill is managed by Lao Cai Urban Environment

JSC (Lao Cai URENCO). Periodic analysis results of effluent quality at leachate treatment station by Lao Cai DONRE show that the parameters BOD, COD, Pb, Arsenic, CO, SO₂, NO₂ are within the allowable limits of national standards for landfills. There is a linked activity in Phu Ly (Liem Chinh resettlement site).

A due diligence review of land acquisition activities has been conducted and included in the sub-project RP. Most of the land acquisition and site clearance activities (32 affected households) were completed in 2005, with the remaining land acquired between April – June, 2016 (23 affected households). All 55 households were marginally affected. Site clearance and compensation activities were assessed as having been carried out in line with prevailing GoV regulations, but the 23 households affected in 2016 did not receive compensation in line with OP 4.12 policies. Phu Ly city will thus ensure that the AF compensation plans will compensate the previously-affected households in compliance with the project's policies.

OP/BP4.12 Involuntary Resettlement: About 30.4 ha needs to be acquired for the new investments in the two project cities (including 3 ha of residential and 11 ha of agricultural land), which would result in about 347 households being affected. Resettlement plans (RPs) have been developed for each of the city's additional investments in line with OP4.12.

OP/BP4.10 Indigenous Peoples: There are some ethnic minority groups living in the project areas of Lao Cai city. While almost fully integrated with mainstream society, they are generally poorer and more vulnerable compared to the majority Kinh people. A social assessment has been conducted to identify potential impacts and mitigation measures. About 18 ethnic minority households will be affected by land acquisition; in addition, impacts during construction such as labor influx, road accidents or traffic safety concerns may be felt. As such, OP/BP4.10 is triggered. An ethnic minority development plan (EMDP) has been prepared to ensure the full inclusion of ethnic minority households in the project development process, and to minimize any identified adverse impacts on them.

Gender issues: MCDP is gender informed at two levels: analysis, and gender-disaggregated monitoring and evaluation data. The socioeconomic survey (at sub-project level) analyzed several gender aspects, including (a) participation of women in the community activities and local organizations and (b) meaningful consultation with women during project implementation. The survey results showed that while in Lao Cai men are more active in community activities and local organizations, in Phu Ly, women often participate more in community activities. Meaningful consultation with both men and women during project preparation and implementation would ensure more successful project design and implementation. In addition, it is necessary to ensure that female-headed households with dependents have equal access to project benefits. During project implementation, implementing agencies will develop appropriate monitoring and evaluation tools to monitor a gender-disaggregated database of project beneficiaries (PDO indicator) and intended beneficiaries who are aware of project information and project investment (intermediate results indicators).

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

Increased population pressures will lead to an increase in traffic and the use of urban infrastructure services. Such impacts will be mitigated by the improved transport infrastructure and construction of WWTPs under the parent project.

The project is expected to have significant positive benefits for the environment, public health, improved collection and treatment of wastewater, and improvements in sanitation service and capacity.

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

Alternatives in Lao Cai include the selection of road elevation to ensure the synchronization and connectivity with the other roads proposed in the master planning. In addition, the alternatives for treatment of the collected wastewater in Van Hoa commune and from the residential areas surrounding the central rehabilitated lake were considered to ensure that the wastewater after being collected will be treated to the national standard before discharging into the environment.

Alternatives in Phu Ly include selection on the type of embankment and the rationale width of roads to ensure the low impact to environment and minimal land acquisition. In addition, the alternatives analyses for treatment of collected wastewater in the rehabilitated residential areas were carried out to ensure the collected wastewater will be treated to the national standards before discharging into the environment.

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

Environmental and Social Impacts Assessment (ESIA). In order to assess the environmental and social impacts of the proposed investments under the AF, the Borrower has prepared two ESIA's for the two sub-projects in Phu Ly and Lao Cai cities. The ESIA's include the World Bank Group Guidelines on Environmental, Health and Safety, due diligence review of the existing wastewater treatment plants; cumulative impact assessment of potential environmental and social impacts. The draft ESIA's have been reviewed by the Bank.

Environmental and Social Management Plans (ESMP). Two ESMPs, as integral parts of the two sub-project ESIA's, have been prepared. The objectives of the ESMPs are to: i) ensure compliance with the applicable provincial, national, laws, regulations, standards, and guidelines; ii) ensure that there is sufficient allocation of resources on the project budget for implementation of ESMP-related activities; iii) ensure that environmental risks associated with a project property managed; iv) respond to emerging and unforeseen environmental issues not identified in the sub-project ESIA; v) provide feedback for continual improvement in environmental performance. The ESMPs consist of the set of good practice mitigation measures to address common construction related impacts which referred to as Environmental Codes of Practices (ECOP), site-specific environmental and social measures to deal with the impacts specific to the sub-project areas and activities. The ESMPs also include monitoring, and institutional measures to be taken during implementation and operation to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels. Each sub-project ESMP includes a Compliance Framework which lays out the role and responsibilities of the contractor and a penalty system to address non-compliance cases of the contractor to the environmental management requirements of the sub-project. The ESMPs include the budgets for their implementation including for capacity building in project environmental management.

The sub-project owners, which are the provincial city Project Management Units (PMUs), will include content of the corresponding ESMPs into the standard tender documents to be used as a basis for contractors to implement environmental management during construction phase. The PMUs will be responsible for overall supervision and monitoring of the sub-project including implementation of the ESMPs and will provide safeguard training to the sub-project staff.

To facilitate effective implementation of the ESMPs, the city sub-project PMUs will: (a) establish an Environment and Social Unit (ESU) responsible for ensuring timely implementation of the

ESMP, including monitoring, reporting, and capacity building related to safeguards; (b) hire the Construction Supervision Consultant (CSC) to be responsible for supervision of the contractor's safeguard performance as part of the construction contract and this requirement will be included in the CSC terms of reference (TOR); and (c) hire qualified the Independent Environmental Management Consultant (IEMC) to assist the ESU in performing these tasks.

Resettlement Plans (RPs) have been developed for each of the city's additional investments to ensure all affected people will be able to restore their lost assets and livelihoods to be in line with OP 4.12. A due diligence review for land acquisition of the linked activity in Phu Ly (Liem Chinh resettlement site) has been conducted to assess adequacy of compensation for the affected assets as mentioned in section IV.A.1 above.

An ethnic minority development plan (EMDP) has been prepared for Lao Cai's sub-project ethnic minority people to ensure their full inclusion in the project development process and to minimize/mitigate adverse impacts on them as mentioned in section IV.A.1.

Grievance and Redress Mechanism (GRM): Each sub-project safeguard instrument (ESMP, RP) also includes a GRM to provide the framework within which complaints about safeguards compliance can be handled, grievances can be addressed and disputes can be settled quickly. The GRM will be in place before the sub-project construction commences. Within the Vietnamese legal framework citizen rights to complain are protected. As part of overall implementation of the sub-project, the GRM will be established by Environmental and Social Unit of the city PMU. It will be readily accessible, handle grievances and resolve them at the lowest level as quickly as possible. The key process and elements of the GRM include, procedures for submission of complaints and grievance resolution, responsible person, and contact information.

The complaints can be received in verbal or written forms, by telephone, fax, or email. They can be sent to the local authorities, contractor, construction supervision engineer, city PMU, or the independent environmental monitoring consultants and will be logged in the record system and sent to responsible person for taking action. To facilitate complain process, sub-project information leaflets will be prepared and distributed at the sub-project sites to provide practical information about grievances to local residents including contacts and addresses.

The GRM also refers to the WB's Grievance Redress Service (GRS) and clearly indicates that sub-project affected communities and individuals may submit their complaints to the WB's independent Inspection Panel which determines whether harms occurred, or could occur, as a result of WB non-compliance with its safeguards policies and procedures. The website address to provide information on how to submit complaints to the World Bank's GRS is also provided.

Borrower Safeguards Capacity: During the project implementation, the environmental and social safeguard management of the Phu Ly and Lao Cai original MCDP sub-projects have been rated as Moderately Satisfactory or better. Lao Cai City has a consistently strong environmental and social team. Environmental health and safety (EHS) standards are generally high at work sites in and around Lao Cai, and worker camps and waste disposal is, for the most part, adequate (any shortfalls noted during supervision being quickly addressed). It is important that the Municipality ensure that drainage system constructed for the Parent Project be kept open and free of blockages, and that the drains on the sides of the newly constructed roads be regularly cleaned to avoid deterioration of the new works. Phu Ly City has been less consistent in terms of environmental

and social compliance, and therefore the safeguards team will ensure a close follow-up during supervision to ensure adequate standards are maintained and RP provisions be fully implemented. In addition, getting provincial authorities understood RPF/RP requirements to implement it properly is critical to improve Phu Ly performance on RPF/RP compliance.
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
Public Consultation and Information Disclosure. Two rounds of consultations were organized in August and October 2016. The affected people and communities and other relevant stakeholders have been consulted on the sub-project RPs, EMDP, and ESIA. The feedbacks from the consultations have been incorporated into the project design, the final draft sub-project RPs, EMDP, and ESIA. Draft version of the AF project ESIA Executive Summary, and the sub-project RPs, EMDP, and ESIA have been disclosed both locally at the sub-project PMUs, and sub-project areas, and through the World Bank Operation Portal on November 29, 2016. These final environmental and social safeguards instruments will be disclosed locally and at the Bank Operation Portal. This Appraisal Stage Integrated Safeguards Data Sheet of the project will also be disclosed at the Bank Operation Portal.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	25-Nov-2016
Date of submission to InfoShop	29-Nov-2016
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	20-Jan-2017
"In country" Disclosure	
Vietnam	29-Nov-2016
<i>Comments:</i>	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	29-Nov-2016
Date of submission to InfoShop	29-Nov-2016
"In country" Disclosure	
Vietnam	29-Nov-2016
<i>Comments:</i>	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	29-Nov-2016
Date of submission to InfoShop	29-Nov-2016
"In country" Disclosure	
Vietnam	29-Nov-2016
<i>Comments:</i>	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/	

Audit/or EMP.
If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.04 - Natural Habitats	
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.11 - Physical Cultural Resources	
Does the EA include adequate measures related to cultural property?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.10 - Indigenous Peoples	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
OP/BP 4.12 - Involuntary Resettlement	
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Is physical displacement/relocation expected?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] TBD [<input type="checkbox"/>]
1388 Provided estimated number of people to be affected	
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] TBD [<input type="checkbox"/>]

796 Provided estimated number of people to be affected	
OP 7.50 - Projects on International Waterways	
Have the other riparians been notified of the project?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Has the RVP approved such an exception?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

V. Contact point

World Bank

Contact: Huyen Thi Phuong Phan

Title: Senior Urban Development Speci

Borrower/Client/Recipient

Name: State Bank of Vietnam

Contact: Mr. Le Minh Hung

Title: Governor

Email: tuan.trananh@sbv.gov.vn

Implementing Agencies

Name: Project Management Unit (PMU) in Lao Cai

Contact: Mr. Nguyen Quang Binh

Title: Director of Lao Cai ODA PMU

Email: dawblc@gmail.com

Name: Project Management Unit (PMU) in Phu Ly

Contact: Mr. Nguyen Van Hoc

Title: Director of Phu Ly PMU

Email: banodaphuly.wb@gmail.com

Name: Project Management Unit (PMU) in Vinh

Contact: Mr. Nguyen Trung Dung

Title: Vinh PMU Director

Email: pmuvinh.wb@gmail.com

VI. For more information contact:

The World Bank

1818 H Street, NW

Washington, D.C. 20433

Telephone: (202) 473-1000

Web: <http://www.worldbank.org/projects>

VII. Approval

Task Team Leader(s):	Name: Huyen Thi Phuong Phan	
<i>Approved By</i>		
Safeguards Advisor:	Name: Peter Leonard (SA)	Date: 17-Jan-2017
Practice Manager/ Manager:	Name: Abhas Kumar Jha (PMGR)	Date: 19-Jan-2017
Country Director:	Name: Ousmane Dione (CD)	Date: 20-Jan-2017