



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Vietnam	EAST ASIA AND PACIFIC	P171375	
Project Name	Vietnam: Strengthening Banking Sector Soundness and Development		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
«PRACTICEAREA»	Investment Project Financing		6/18/2019
Borrower(s)	Implementing Agency(ies)		
The State Bank of Vietnam	Ministry of Finance		

Proposed Development Objective(s)

The development objective of the Trust Fund is to enhance the capacity of the SBV to address structural weaknesses in the banking system.

Financing (in USD Million)	Amount
Total Project Cost	2.27

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The Vietnam Strengthening Banking Sector Soundness and Development Trust Fund (V-SBSSD TF) is a 5 -year (2018–2023) World Bank and Recipient executed technical assistance project established to enhance the capacity of the State Bank of Vietnam (SBV) to implement reforms aligned with international standards and good practice in line with the aspirations outlined in the comprehensive Banking Restructuring Plan 2016-2020 and the subsequent 2025 Banking Sector Strategy promulgated by the Government in August 2018. The reforms outlined in the Government strategy seek to enhance the resilience of the financial sector through stronger oversight and reducing vulnerabilities in the banking system.



D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social] The grant activities are national in scope, and will focus on providing technical assistance (consulting and advisory services) to the state bank of Vietnam, and as such the salient issues relevant to ES assessment are limited to stakeholder engagement (national dissemination of legal framework) and labor and working conditions within SBV and the consulting firms they might hire for the purposes of executing grant financed activities.

D. 2. Borrower’s Institutional Capacity

The SBV shall maintain throughout the project implementation a PMU led by the ICD. Specifically, the PMU will undertake: i) overall planning for project implementation and overall coordination of project activities, including monitoring and evaluation of progress and reconciliation with the WB task team in this regard; ii) administration, including personnel management, accounting and monitoring and reporting needs for both government and donors; and iii) hiring of local consulting services, procuring other inputs and contract administration. While the SBV does not have specific experience in environmental or social risk management, the ES risks associated with the grant financed activities will require minimal management, skills or experience, and should be possible to manage by appointing a designated a focal person within the PMU who can be supported by the World Bank TT E&S specialists.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Low

Environmental Risk Rating

Low

The environmental risk for the Project is low under the World Bank ESF because of the negligible or minimal environmental risks associated with the project; there is an extremely small likelihood that anything more than negligible impacts would result from the project activities. These include proposed financial reform to achieve a legal and regulatory framework more closely aligned with international standards and good practice in bank supervision and resolution and a more robust regulatory and supervisory framework. The project does not involve the development of any physical infrastructure or associated activities like construction/rehabilitation works and civil works.

Social Risk Rating

Low

The proposed Project’s Social Risk is assessed as Low, as it will finance consulting and advisory services, as well as capacity building and knowledge sharing.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

An environment and social (E&S) screening did not identify any potential environmental and social risks and/or impacts based on the initial information collected from scope of activities described in the Project’s Concept Note, or the experience of SBV in implementing WB financed activities. The project does not involve any activities that carry any ES risk or could generate relevant direct environmental or social impacts. Also, it is extremely unlikely that any indirect, downstream environmental or social effects would be caused by the technical assistance and advice

Public Disclosure



provided through the project. The aim of the project is to enhance the capacity of the SBV to implement measures better aligned with international standards to address structural weaknesses in the banking system. Specifically, the TA program seeks to achieve: (i) A legal and regulatory framework, including Law on Credit Institutions, financial, macro-prudential strategy and action plan, non-performing loan market regulatory framework more closely aligned with international standards and good practice in bank supervision and resolution ; (ii) A more robust regulatory and supervisory framework, reflected in improved compliance with several Basel Core Principles (BCPs), that will help ensure the safety and soundness of the banking system; (iii) A better governed, more efficient and effective VAMC equipped with an appropriate and wide ranging toolkit to resolve NPLs of commercial banks in a timely manner; and (iv) Strengthened SBV's macroprudential supervisory capacity to better anticipate and manage potential risks emanating from the banking sector, thereby mitigating systemic risks. The law, regulations, regulatory framework, and strategy to be supported by the project are not related to any environmental and social issues, and thus are not expected to have any downstream environmental and social risks and impacts. In addition, the grant will not support preparation of feasibility studies of any project, nor it will involve the development of any physical infrastructure or associated activities like construction/rehabilitation works and civil works. Thus, no key environmental and social risks related to physical and geographical issues, biodiversity, occupational and community health, cultural heritage etc., have been identified. The SBV will incorporate E&S risk management procedures consistent with ESS1 in the Grant Operational Manual. These will primarily focus on labor and working conditions (ESS2) and stakeholder engagement (ESS10). Given the project negligible adverse risks and impacts and issues, no further ES assessment following the initial screening is required.

Areas where “Use of Borrower Framework” is being considered:

The use of the borrower framework is not being considered.

ESS10 Stakeholder Engagement and Information Disclosure

Potential stakeholders for the activities to be financed by this grant include Credit institutions, Banks, finance companies, Vietnam banks association. The law which will be developed under the first pillar will be publicly disseminated. The SBV will include a stakeholder engagement plan in the operational manual for the grant, with elements reflected in the ESCP.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

ESS2 is relevant for the activities to be financed by this grant, especially in cases where consultancy firms will be hired. Because this is a recipient executed grant, such contracting will be done by the SBV, and requirements that the consultancy firms follow the conditions specified in ESS2 will be included in the relevant terms of reference, as well as being specified in the grant operational manual. Otherwise, SBV staff directly (approximately 5) engaged in project activities will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement. Provisions of paragraphs 17 to 20 (Protecting the Work Force) and paragraphs 24 to 30 (Occupational Health and Safety) of ESS2 apply to these workers but are covered by Vietnam law. Beyond the SBV staff assigned to work on the project, there will be no direct project workers.



ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is not relevant. The project does not finance any civil works or other activity which use or produce chemical products, or development and emissions of hazardous and non-hazardous chemical pollutants in the solid, liquid, or gaseous phases, nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts.

ESS4 Community Health and Safety

ESS4 is not relevant. The project will neither finance nor support any civil works activities. No rehabilitation or construction of new infrastructure or other actions having an impact on the environment will be financed through this IPF. In this context, it is not expected to generate any negative impact on the community health and safety.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS5 is not relevant. The Project will neither finance nor support any civil works or other activities that would require land acquisition or other impacts covered by this standard.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESS6 is not relevant. The Project will neither finance nor support any civil works activities or policies affecting biodiversity or management of living natural resources.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

ESS7 is not relevant. The Project will neither finance nor support any activities or policies that will directly affect (positively or negatively) ethnic minority groups in Vietnam that could be considered indigenous people according to this standard.

ESS8 Cultural Heritage

ESS8 is not relevant. The project will finance technical activities aimed at enhancing the capacity of the SBV to address structural weaknesses in the banking system. In this context is not expected that it can directly or indirectly affect tangible or intangible cultural heritage.

ESS9 Financial Intermediaries

ESS9 is not relevant. The project will not be channeling funds to a Financial Intermediary and with the objective of sub lending.

B.3 Other Relevant Project Risks

No other relevant ESF risk identified.



C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No

The project will neither finance nor support any civil works activities or detailed design and engineering studies that fall within the scope of application of OP 7.50.

OP 7.60 Projects in Disputed Areas

No

The project will not be implemented in any disputed areas.

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?

No

Financing Partners

No common approach is considered.

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

- Draft Stakeholder Engagement Plan to be included in Grant Operational Manual.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

key elements of the SEP will be reflected in the ESCP.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

28-Jun-2019

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: The State Bank of Vietnam

Implementing Agency(ies)

Public Disclosure



Implementing Agency: Ministry of Finance

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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