

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED
SAFEGUARDS DATA SHEET (PID/ISDS)
APPRAISAL STAGE**

Report No.: PIDISDSA20708

Date Prepared/Updated: 01-Mar-2017

I. BASIC INFORMATION

A. Basic Project Data

Country:	Vietnam	Project ID:	P159397
		Parent Project ID (if any):	
Project Name:	Vietnam Scaling up Urban Upgrading Project		
Region:	EAST ASIA AND PACIFIC		
Estimated Appraisal Date:	03-Mar-2017	Estimated Board Date:	26-May-2017
Practice Area (Lead):	Social, Urban, Rural and Resilience Global Practice	Lending Instrument:	Investment Project Financing
Borrower(s)	Socialist Republic of Vietnam		
Implementing Agency	Construction-investment Project Management Unit of Tan An city, Investment Projects Management Unit of Ben Tre city, ODA Project Management Unit of Vinh Long province, Urban Upgrading Project Management Unit of Long Xuyen city, Construction-investment Project Management Unit of Vi Thanh city, Soc Trang Department of Construction, Construction-investment Project Management Unit of Bac Lieu city		
Financing (in USD Million)			
Financing Source			Amount
BORROWER/RECIPIENT			90.00
International Development Association (IDA)			100.00
IDA Grant			140.00
Total Project Cost			330.00
Environmental Category	A-Full Assessment		
Decision	The review authorized the team to appraise and negotiate		
Other Decision (as needed)			
Is this a Repeater project?	No		
Is this a Transferred project? (Will not be disclosed)	No		

B. Introduction and Context

Country Context

1. **Vietnam's spatial transformation from rural to urban has accompanied rapid economic growth and poverty reduction, with the nation recently graduating to lower middle income country status.** Vietnam's GDP per capita more than tripled from US\$560 in 2004 to US\$1,800 in 2013. The percentage of people living in poverty dropped from almost 60% in the 1990s to approximately 13.5% in 2014¹ although the Vietnam 2035 Report provides strong evidence that ethnic minorities like the Khmer face significantly lower living standards compared with dominant ethnic groups. Over 34% of the total population (30 million people) lived in urban areas in 2015, as compared to only 24% in 2000. With an urban population growth rate of approximately 3.1% in 2014, it is expected that more than half of the country's population will be living in cities by 2045 (approximately 53 million people).

2. **A network of secondary cities with adequate infrastructure is critical to sustainably continue Vietnam's rural-urban transformation.** While Vietnam's urban population is still primarily concentrated in its three million-plus cities, there is increasing growth in the 21 smaller cities (100,000-500,000). However, access to basic services remains low in secondary cities as compared to large cities, as does the pace of poverty reduction.² In 2015 Vietnam announced the countrywide introduction of a multidimensional poverty measurement, including dimensions of access to infrastructure and services,³ alongside the traditional income-based approach, in order to monitor urban livability across a range of settlement sizes. Recent estimates based on this new measure not only show significant regional differences in the level of multidimensional poverty, but also lower levels of access to basic services and infrastructure in small and medium sized cities.

3. **The Mekong Delta Region (MDR) has strategic importance for the country, given its significant contribution to economic growth, poverty reduction and ongoing rapid urbanization.** In 2014, the population of the MDR was approximately 17.5 million (almost one-fifth of Vietnam's total population). Between 2008 and 2014, the poverty rate in the MDR fell from 12.3% to approximately 9.8%. Still, in absolute terms, poverty incidence in the MDR remains the second highest in the country with 1.7 million poor, particularly among the ethnic minorities. MDR demonstrates the highest level of multidimensional deprivation,⁴ including in urban areas. The urbanization rate in MDR is at 25% and has been steadily increasing. Alongside urbanization, the MDR has seen increased industrialization, with the industrial sector's share of GDP contribution increasing from 18% in 2000 to 25% in 2010. However, due to infrastructure gaps and vulnerability to flooding, the region's industrial sector is not expected to meet the government target of 35% share of GDP by 2020. Industrialization has further encouraged rural-urban migration into the MDR's provincial capitals but levels of access to basic services and infrastructure have not kept pace with urban population growth. The capacity of infrastructure in many smaller cities is being stretched beyond its limits and is resulting in an increase in poorly serviced Low Income Areas (LIAs) with the potential to develop into slum-like settlements.

4. **Climate change risks and urbanization in the MDR:** Relative to other regions in Vietnam, the MDR is highly impacted by climate change and is experiencing higher ambient temperatures,

¹ Vietnam Household Living Standard Survey 2014

² While poverty in Vietnam remains largely a rural phenomenon, (only 8% of the country's poor live in cities) urban poverty is concentrated in smaller cities with 80% of the urban poor living outside of major urban centers

³ The new measure captures information along dimensions of health, education, housing, water and sanitation, and information, in addition to an income threshold. Information available at <http://vpcp.chinhphu.vn/Home/Ban-hanh-chuan-ngheo-tiep-can-da-chieu/201511/17556.vgp>

⁴ Ha Le and Cuong Nguyen and Tung Phung, (2015) "Multidimensional Poverty: Evidence from Vietnam", *Economics Bulletin*, Volume 35, Issue 4, pages 2820-2831.

abnormal weather conditions, salt water intrusion, and increasing intensity and frequency of droughts and floods. However, despite increasing climate change risks, city plans do not display risk-informed approaches in land use planning and urban development. Disaster risk management and prevention is often poorly integrated into sectoral and urban master plans at the provincial and city levels, with a lack of capacity in utilizing relevant planning tools to integrate these aspects. There remains considerable room to extend interventions to urban populations most vulnerable to climate risk, particularly the urban poor and near-poor, who have limited connectivity and access to infrastructure and services.

Sectoral and Institutional Context

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

6. **In alignment with the Master Plan, a *National Urban Development Program 2011-2020 (NUDP)*⁵ was created in 2012 with a vision to develop provincial capitals** in different regions as models to boost the local economy and to balance regional development. The Program emphasizes urban development and the efficient use of natural resources to tackle the increased demand for infrastructure and services resulting from ongoing urbanization. It also aims to help the Government respond effectively to climate change and natural disasters affecting urban areas. In this regard, the NUDP is well aligned with Vietnam's first-ever law on "Natural Disaster Prevention and Control," which emphasizes the importance of moving away from the traditional ex-post disaster response approach towards comprehensive and integrated disaster risk management.⁶ Targets set for wastewater and drainage through 2020 include: elimination of flooding in Class IV cities and above; 80 percent drainage system coverage; and 60 percent wastewater collection and treatment in Class III cities and above.⁷

7. **The NUDP further encompasses the principles of the *National Urban Upgrading Program (NUUP)*⁸,** which was approved in 2009 to guide efforts to upgrade low income, poorly serviced and densely populated areas in Vietnam's urban centers. The NUUP was developed as part of a World Bank-funded Vietnam Urban Upgrading Project (VUUP), which piloted a participatory approach to urban upgrading in Nam Dinh, Hai Phong, Can Tho and Ho Chi Minh City. The principles of urban upgrading under NUUP have been operationalized through various urban projects in Vietnam, including two World Bank-funded projects: (i) a results-based National Urban Development Program in the Northern Mountains Region, approved in 2014; and (ii) a Mekong Delta Region Urban Upgrading Project (MDR UUP) covering provincial cities in the MDR, approved in 2012.

8. **While investments under VUUP and MDR UUP have contributed to the betterment of the lives of urban poor, there is a need for urban upgrading interventions to move away from the narrowly focussed basic infrastructure investments in the the current context.** Unlike their larger counterparts, the small and medium sized cities in the MDR present a crucial window of opportunity to

⁵ Government of Vietnam. Prime Minister Decision 1659/QĐ-TTg National Urban Development Program (NUDP) 2011–2020. November 7, 2012.

⁶ Law No. 33/2013/QH13, which became effective on 1st May 2014.

⁷ Decision No. 1930/2009/QĐ-TTg - Orientation Plan for Urban Drainage to 2025 and Vision to 2050.

⁸ Government of Vietnam. Prime Minister Decision 758/QĐ-TTg. Approval of the National Program on the Upgrading of Urban Centres, 2009-2020. June 2009.

develop into compact urban form, direct their expansion to low-risk areas, lower their carbon emissions through public transport and pedestrian oriented development, and incorporate universally accessible infrastructure designs to cater for increasingly elderly populations in the country.

9. **The concepts of integrated urban planning to promote compact cities are new to the Vietnamese system of urban planning that has traditionally favored urban sprawl, as testified by the history of urban expansion in metropolitan cities such as Hanoi and Ho Chi Minh City.** Since land sales are often one of the largest sources of revenue for provinces, and an expansion in administrative boundaries and urban land push a city higher up in the Government's urban hierarchy (e.g. from Class III to Class II), there is an incentive to sell land to private developers and expand outwards without a clear demand or attention to the carrying capacity of the infrastructure networks. Land markets also need to be enabled to work in tandem with the needs of population growth and accommodate for increased in-migration through affordable housing. A strategic urban development agenda dictated by the core principles of integrated urban planning, mixed land use and city connectivity is therefore needed, with an additional emphasis on urban resilience in the care of the MDR.

10. **The Mekong Delta Plan 2011 has created a space for dialogue around integrating climate change perspectives into land use planning.** The Plan emphasizes the need for "no-regrets" and priority measures to adapt land and water use patterns to changing climatic conditions with a vision until 2050. However, most city plans in the MDR do not yet adequately incorporate planning around climate change and disaster risk resilience. Flood risk is exacerbated as MDR cities continue to develop in an ad hoc manner and with lagging infrastructure (particularly drainage). Tertiary infrastructure gaps in LIAs also increase the vulnerability to frequent flooding. Within the MDR cities, LIAs are largely characterized by substandard housing, inadequate access to basic urban infrastructure and services, widespread disposal of garbage into open drains, overflowing sewage, dilapidated tertiary roads, and low connectivity to the wider city-level network infrastructure.

11. **A comprehensive approach to urban upgrading that is capable of addressing tertiary infrastructure gaps, enhances city-level (primary, secondary and tertiary) infrastructure connectivity, and reduces vulnerability to disaster risk will require moving away from the current sector-specific, uncoordinated model of planning.** For example, inundation prevention solutions at the tertiary infrastructure level (such as in LIAs) are often not combined with broader measures of tide prevention, maximization of storm water storage and provision of the necessary drainage capacity in the larger catchment area to systematically reduce flood risk. Such holistic solutions are only feasible when planning is done in an integrated manner and not in sectoral silos.

12. **The proposed Scaling Up Urban Upgrading Project (SUUP) builds on the Bank's on-going MDR UUP operation in six provincial cities, and will extend upgrading efforts in the remaining seven provincial cities of Bac Lieu, Ben Tre, Long Xuyen, Soc Trang, Tan An, Vi Thanh and Vinh Long.** These cities serve as economic hubs for trade, services and industries in the region and have consequently experienced growth due to in-migration from rural areas. Take for example Ben Tre, which has seen a 10 percent increase in in-migration while the rate of natural increase has remained the same. Lack of basic infrastructure translates into low living standards and poor quality of life for LIA residents, while suboptimal connectivity adds to the exclusion of the urban poor. In addition to addressing the needs of LIAs, it is critical for these smaller, rapidly urbanizing MDR cities to focus on densification and compact urban design in order to improve accessibility within the urban core, and guide development away from high-risk and flood prone areas.

13. **The project goes beyond a business-as-usual approach to urban upgrading by promoting a new generation of investments in these secondary cities of the MDR.** First, urban infrastructure

developed under this project will integrate resilience measures by promoting a comprehensive approach to climate adaptable, green infrastructure investments and enhancing universal accessibility. Second, the project will support the cities in revising their master plans over the project life cycle by applying the principles of integrated and risk-informed urban planning. Significant capacity building of local governments is built into the project design to ensure that these cities continue to grow sustainably and plan in a way that optimizes the efficiency of their existing urban footprints by prioritizing investments that enhance the connectivity of networked infrastructure. National government has expressed a strong interest in learning and institutionalizing these principles as a means to plan for and mitigate against climate change. As such, the project will aim to leverage national knowledge sharing platforms (such as the National Urban Forum of the MOC) in order to mainstream these principles of urban design into future urban upgrading operations based on lessons learnt from the project.

C. Proposed Development Objective(s)

14. The PDO is to improve access to infrastructure in priority city areas and improve urban planning in the participating cities. For the terms of evaluation, the ‘access to infrastructure’ portion of the project is weighted 70% and ‘urban planning’ is 30%.

Key Results

15. The project will have an estimated 500,000 direct beneficiaries and a further one million estimated indirect beneficiaries from the extended infrastructure networks and environmental improvements. Beneficiaries include persons living in the targeted LIAs and those located near project-financed primary and secondary infrastructure, who will benefit from citywide infrastructure improvements and new social and economic facilities.

D. Project Description

15. **The project will strengthen the integrated planning capacity of the seven project cities which are in the early stages of urbanization** (Bac Lieu, Ben Tre, Long Xuyen, Soc Trang, Tan An, Vi Thanh and Vinh Long), improve connectivity of priority infrastructure in the urban core and upgrade selected LIAs. The selection of infrastructure sub-projects has been prioritized to ensure: (i) benefits to the urban poor; (ii) alignment to long-term sustainable urban development goals and attention to urban resilience; (iii) adherence to key principles of compact urban design and universal accessibility; and (iv) technical and economic soundness. Selection of LIAs has prioritized those located in the urban core as well those where upgrading needs are more complex. Upgrading activities will occur in a subset of 27 of the 65 total LIAs across all project cities. These activities will be complemented by technical assistance to local governments to enhance the cities’ capacities in urban planning, land management and city resilience in order to strengthen the design of investments and promote long-term sustainability.

16. Investment designs will incorporate climate and disaster risks, and all master plans developed will seek to steer future urban growth into less hazardous areas and incorporate low carbon development principles. The design of feasibility studies has been supported by a grant by the Global Facility on Disaster Reduction and Recovery (GFDRR), to ensure that resilience aspects are integrated within the technical design of investments. The GFDRR grant is also being used to carry out an overall assessment of coordinated urban planning capacity of each of the seven local governments, with an aim to highlight the needs for capacity building and recommendations for revision of the master plans. In addition, incorporation of universal accessibility for the elderly and disabled within designs of roads and upgraded urban space is being carried out in collaboration with the Tokyo Development Learning Center (TDLC). The task team has also initiated discussions with SECO to seek bilateral grant support for the project,

given that the objectives of the project are fully aligned with the Pillar 4 for SECO's 2017-2021 prioritization plan.

17. **Climate Change Co-Benefits:** The World Bank Climate and Disaster Risk screening tool was used to complete climate screening and identify 'increased flood risk' as the primary threat that climate change poses to investments under this project. The level of exposure of infrastructure investments to flooding exacerbated by climate change varies across project cities based on elevation and proximity to the sea. Mitigation measures incorporated into design include (i) Increasing the drainage capacity of canal systems, and (ii) Preserving green spaces for water retention within city limits. Climate-all engineering designs will incorporate climate and disaster risks. All master plans developed will take into account climate and disaster risks, seek to steer future urban growth into less hazardous areas and incorporate low carbon development principles.

Project Components

Component 1: Tertiary Infrastructure Upgrading in Low Income Areas (Bank financing: US\$ 54.2 million)

18. The Project will support tertiary investments in nearly 30 LIAs, covering about 650 ha, including: (i) construction, rehabilitation, and upgrading of roads and lanes; (ii) construction and rehabilitation of drains; (iii) improvements to environmental sanitation by rehabilitating or constructing public sewers, constructing septic tanks, providing access to septic management services, and house connections to public sewers; (iv) improvement of water supply including the installation of metered domestic connections; (v) provision of metered domestic connections for electricity and public lighting in residential lanes and streets; and (vi) construction and rehabilitation of social infrastructure facilities such as schools, markets, community halls, public places and green spaces.

19. The package of tertiary investments in each LIA is determined in conjunction with a Community Upgrading Plan (CUP) which is based on extensive community consultations and social surveys to identify priority investments. Investments are designed with flexible standards and attention to universal accessibility, and are screened to minimize social and environmental impacts. Inundation solutions at the tertiary investments are aligned with recommendations from the hydraulic calculations at the primary and secondary scale. The consultation process and updating of CUPs will continue throughout the project life, from upstream identification through to construction.

Component 2: Priority Primary and Secondary Infrastructures (Bank financing: US\$ 170.1 million)

20. Component 2 provides support to improve priority networked infrastructure in line with the broader city development agenda, and with a view to increasing connectivity of primary and secondary infrastructure with tertiary infrastructure in LIAs. Social infrastructure facilities such as markets, community halls, public places, schools and green spaces will also be included to benefit urban poor, where needed. An initial hydraulic model will be developed for the catchment areas of the upgrading sites and integrated with existing urban plans for flood and salinity intrusion control, drainage, and waterways investments. Investments that increase urban connectivity of roads and drainage networks are prioritized to encourage compact urban development and reduce flood risk within the core city and particularly for populations living in LIAs.

Component 3: Resettlement Sites (Bank financing: US\$ 8 million):

21. This component will include the construction of resettlement areas for affected persons, including construction of primary, secondary and tertiary infrastructure and public facilities. An estimated 1,200 households will be resettled across the seven project cities.

Component 4: Project Management Support (Bank financing: US\$ 7.7 million):

22. The physical investments of the project will be complemented by a Technical Assistance (TA) package under Component 4, which is intended to provide implementation support as well as enhance the cities' capacity to manage urban development in a risk informed manner, thereby reinforcing urban resilience. Component 4 will also support dissemination of lessons learned from implementation on urban upgrading and planning as well as international best practices. The subcomponents are as follows:

23. *Subcomponent I: Implementation Support.* This subcomponent will provide technical support, advisory services, and training for PMUs at city and provincial levels, audit and contract supervision and management activities. Strengthened implementation and project management capacity will involve support in the following areas: (i) project coordination, (ii) monitoring and evaluation, (iii) independent monitoring of safeguards, (iv) financial auditing, and (v) project management.

24. *Subcomponent II: Capacity Building for Investment Design and Integrated Urban Planning.* Given that the central government has requested cities to revise urban planning to take into account climate change, this subcomponent will provide technical assistance to cities to enable coordinated cross-sectoral planning and support for implementing green infrastructure designs. Assessments of city-level planning processes and existing practices are being carried out funded by a GFDRR grant. The aim of the assessment is to identify gaps in institutional capacity to carry out coordinated planning, information sharing practices between departments, and quality of data (particularly spatial data). The project will provide further technical assistance to an initial two cities to revise their master plans for approval by the provincial peoples committees. While all cities have acknowledged the importance of integrating master plans with sectoral infrastructure projects and environmental, social and economic considerations highlighted in the CCAP, some cities demonstrated greater readiness and capacity to undertake this exercise given their planning needs.

25. With support from the GFDRR grant, an action plan has been developed on the basis of assessments by project effectiveness to outline the activities and tasks needed to support targeted areas of capacity building. Target areas of support based on preliminary assessments include, among others: (i) creating disaggregated data, linking socio-economic data with spatial data and enhancing data sharing and coordination, (ii) providing recommendations for city to consider the adoption of necessary regulations to support cross-departmental coordination in the project lifetime, (iii) establishment of inter-departmental working support to promote coordination and information alignment, (iv) assistance to implement the design of green and resilient infrastructure developed under the project; (v) supporting universal accessibility design for selected infrastructure investments for disabled and elderly, (vi) and (vii) strengthening the capacity of cities with regard to leveraging ICT in city planning functions. Active seeking of external grant support is underway to finance the technical assistance and capacity building activities, with promising indications of support from SECO.

In addition, knowledge dissemination of the lessons learnt and best practices developed will be facilitated at the national level to build the capacity of other cities and national government agencies to carry out integrated and risk-informed urban planning. The National Urban Forum, chaired by MOC, is an important platform that is expected to be leveraged to disseminate learning at the regional and national level. Project cities will also be included in trainings provided by MOC to current urban projects across the Vietnam portfolio as a means to encourage peer-to-peer learning and more effectively use the MOC

resources.

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

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

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

F. Environmental and Social Safeguards Specialists on the Team

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II. IMPLEMENTATION

The project will be implemented in a decentralized manner under the direction of city administrations and cities will become the project owners except in the case of Soc Trang and Vinh Long, where the project will be implemented at the provincial level with the province as the project owner. With the agreement of all participating cities, it has been agreed that Vinh Long will assume a coordination role and will be responsible for coordinating trainings and monitoring and evaluation with the support of consultants.

Project Steering Committee. In each project city, the Provincial People's Committee has established a Project Steering Committee (PSC) to guide, support, and supervise the respective PMUs. The PSC will be chaired by a senior PPC official and include director/deputy director-level representatives of key provincial departments and agencies.

Project Management Unit. Each city has established a Project Management Unit (PMU), which will be responsible for implementation of all project components. Each PMU is comprised of the PMU director, deputy directors, chief accountant, chief engineer, senior procurement specialist, financial specialist, environmental specialist, social safeguards specialists and supporting staff for coordination and planning. The PMUs will be provided with capacity building in various aspects of project management including procurement, financial management, and contract management. Agreement on clearly defined indicators, baselines and targets will be confirmed during appraisal.

Project Implementation Readiness. Pre-feasibilities studies have been completed and submitted for approval. It is expected that cities will complete a full feasibility study and basic design by negotiations. TORs and bidding documents for the first 18 months of proposed works have been developed by the project cities for discussion and agreement with the Bank during negotiations. The project cities have committed to complete 30 % of the technical detailed designs of the total investment by negotiations to increase project implementation readiness. The project cities have also agreed to provide full (100%) counterpart funding for the preparation of remaining investments including preparation of feasibility studies, detailed technical designs, and bidding documents.

III. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>This policy is triggered due to the potential adverse impacts associated with construction activities under Component 1, 2, and 3, requiring the identification, mitigation and monitoring of potential adverse environmental and social impacts.</p> <p>The infrastructure interventions proposed under the project are of small or medium scale. The project investments, which are primarily upgrading of existing tertiary infrastructure and support to primary and secondary infrastructure, are expected to require only small to medium scale earthworks.</p> <p>The environmental assessment of the project concludes that the project does not have significant adverse environmental impacts that are sensitive, diverse, or unprecedented. However, the overall project is classified as a category A due to its significant impacts related to land acquisition and resettlement issues.</p> <p>Seven Environmental and Social Impact Assessments (ESIAs), including the Environmental and Social Management Plans (ESMPs), for the seven participating cities subprojects and one Executive Summary (ES) for the whole project have been prepared based on the agreed ToR and disclosed.</p>
Natural Habitats OP/BP 4.04	Yes	<p>The project will not impact any protected area nor will it affect important/endangered flora or fauna species or biodiversity areas of high value. The ESIA process confirmed that natural habitats are present in the project areas. However, the subprojects would not have impacts on any protected area nor would they affect important/endangered flora or fauna species or biodiversity areas of high value. Construction and operation of the embankments and dredging activities would have some moderate potential impacts on the natural habitats of the rivers and canals including loss of benthic</p>

		habitats and disturbance of benthic organisms. Impacts and mitigation measures have been included in the relevant subproject ESIA's and ESMPs to address these impacts.
Forests OP/BP 4.36	No	The project will be implemented in urban areas. The project does not involve forest plantation or management and will not: (i) have the potential to impact 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 project will not involve the use, production, procurement, storage, handling or transportation, nor will it result in increased use of any pesticide.
Physical Cultural Resources OP/BP 4.11	Yes	It is not expected that the project will necessitate relocation of physical cultural resources (PCRs) such as monuments, temples, churches, religious/spiritual and cultural sites. However, the project will involve land acquisition of the yard and fence of some pagodas in Soc Trang and Vinh Long cities. In addition, the project will involve relocation of graves which are also considered PCRs. During construction period, the potential negative impacts would be decreased aesthetic values; disturbance caused by the workers' presence and activities, or noise and vibration from construction machineries and vehicles; traffic safety risks to local people, particularly at peak hours; and increased traffic safety risks. In addition, vibration could also cause the risks on structure cracking/collapse to the gates and fences of certain PCRs and sensitive receptors located within the immediate vicinity to the constructed work (about 5 m distant). The impacts and risks are temporary, could be mitigated and prevented by application of appropriate construction method and good construction practices. The ESMPs have included site-specific measures to reduce impacts during grave relocations and land acquisition from the pagodas. Since the project includes dredging and excavation activities, which may result in chance finds. A chance finds procedure has been included in the subprojects ESMPs.
Indigenous Peoples OP/BP 4.10	Yes	Screening of the proposed investments confirmed that the project includes Ethnic Minority (mainly Khmer but also Hoa (Chinese) and a few Cham households) who identify themselves as members of a distinct indigenous group with their own customs. Khmer, Hoa and Cham groups are especially present in two of the seven participating cities: Soc Trang and Bac Lieu where they represent respectively 36% (Khmer 23.2%, Chinese 12.7%, Cham 0.1%) and 21% (Khmer 11%, Chinese 10%, Cham 0.04%) of the total population. In the other cities, the % of EM ranges between 0.5 and 3.6%. Among the three EM groups the Khmer is the poorer and most vulnerable group, followed by the Cham while the Hoa have an equal or higher standing with the Kinh. The ethnic Khmer, Cham

	<p>and Hoa have largely inter-married with Kinh and are typically integrated into the wider Kinh communities. No significant and differential impacts on EM communities are anticipated.</p> <p>In the project areas, a total of 191 EM HH (118 Khmer, 69 Chinese and 4 Cham) will be affected by investments under the SUUP in Soc Trang City and 185 in Bac Lieu City (136 Khmers and 49 Chinese). 13 ethnic minority HH in Soc Trang and 5 in Bac Lieu (all Khmer) will need to be relocated. OP 4.10 is therefore triggered for these two cities. In the other 5 cities, the screenings conducted confirmed that there is no ethnic minority present in the project's area (Tan An, Vinh Long) or very few individual EM HH scattered in the project' area (Ben Tre: 3 HH; Vi Thanh 8 HH; and Long Xuyen 3 HH). Screening confirmed that these individual HH are urbanized and integrated into the urban mainstream way of life. This has considerably reduced their relative vulnerability and cultural distinctiveness relative to the dominant Kinh community. These HH are spread across the 3 cities and do not comprise an EM community. None of these HH will be relocated. Therefore, OP 4.10 is not triggered for these cities.</p> <p>In Soc Trang and Bac Lieu, EMs (mainly Khmer) are particularly present in the LIAs to be upgraded under Component 1, where they form specific communities while Hoa and Cham are scattered across the two cities. In Bac Lieu city, 98 Khmer HH among the 118 affected Khmer HH are concentrated in LIA 6 which will be upgraded. Due to the small scale of the project interventions, resettlement and social impacts in LIAs are relatively limited. In addition, in the LIAs, the EM communities (mainly Khmer) will benefit directly from the proposed investments.</p> <p>A Social Assessment (SA), following OP 4.10 provisions, was prepared for Soc Trang and Bac Lieu cities. The main findings of the SA show that, in these two cities, in comparison with other groups, the poverty rate is highest among the Khmer and educational attainment among the Khmer is lower, while their livelihoods are often unstable (mainly hired labors). EM integration and inter-marriage with the Kinh community has led to Vietnamese language being widely used in the project areas, and the need for project communication to be carried out in other ethnic languages is unnecessary. The Khmer also form specific communities in some of the LIAs. As part of the SAs, consultations with affected EMs and key stakeholders were conducted to ensure the project's decision making mechanisms (such as Community Upgrading Plans) enabled EMs to express their concerns and preferences. Free, prior and informed consultations were conducted, and the EM's broad support for the project was confirmed. EMs and especially the Khmer people, will largely benefit from the investments under the SUUP (mainly in LIAs). Negative impacts are minor. The SAs findings were shared with and disclosed to ethnic minorities as part of the preparation of EMDPs for these two cities.</p>
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		<p>An Ethnic Minority Policy Framework (EMPF) was prepared for the whole project in order to guide preparation of Ethnic Minority Development Plans (EMDP) in these two cities as well as to prepare for any changes in other cities that might lead to impacts on EMs. Ethnic Minority Development Plans (EMDP) have been developed for Soc Trang and Bac Lieu cities in line with the EMPF and based on the SAs conducted. The EMDPs ensured that the impacts of the proposed projects' are mitigated and that the benefits are enhanced. EMPF/EMDPs will be cleared by the Bank prior to appraisal.</p>
<p>Involuntary Resettlement OP/BP 4.12</p>	<p>Yes</p>	<p>OP 4.12 on Involuntary Resettlement is triggered for all seven participating cities due to the relatively large number of affected households in each city. Data collected through Inventory of Losses (IOL) conducted during RP preparation, indicates that the project will affect a total of 10,166 households (HHs) (44,730 persons) in the 7 cities; the number of affected HH in each of the participating cities ranges from 863 (Long Xuyen) to 2,169 (Ben Tre). Most of the PAH (8,965 HH, 88.2%) are partially affected; only a part of their land will be acquired under the SUUP, without relocation. A total of 157 ha of land including 26.1 ha of residential land, 81.5 ha of agriculture land and 47.2 ha of public land will need to be acquired.</p> <p>The number of relocated HHs for the 7 cities ranges from 58 (Soc Trang) to 276 (Long Xuyen) with a total of 1,201 relocated HHs (5,300 persons). Most of the relocated HHs (1,105, 92%) are affected under Component 2. Canal improvements (including dredging embankments and roads along both sides) are the primary sources of relocation (634 HH 53%). A large part of these relocated HHs are encroaching on the Right of Way (RoW) of the canals which will be upgraded. They are generally living in precarious conditions and they typically lack secure tenure or access to amenities; in-situ relocation is not possible. Assistance for relocation in serviced RS, with improved amenities, will enhance the welfare of these HHs and will ensure security of tenure. Encroachers are also characterized by unstable livelihoods (i.e. hired labors, vendors).</p> <p>In the 30 LIAs under Component 1, most of the HHs are partially affected due to the limited scale of the project interventions and the relatively low number of HHs (94 HHs, 415 persons for the 30 LIAs) that have to be resettled. The level of poverty in LIAs ranges from 10 to 30%; however, HHs in LIAs will directly benefit from the proposed investments and their livelihoods will generally not be affected.</p> <p>The construction of new roads in peri-urban areas under Component 2 and the development of new RS under Component 3 will lead to loss of productive land (81.5 ha mainly annual crops land). A total of 779 HHs are considered as severely affected (losing more than 20% of their productive land (more than 10% for vulnerable HHs)).</p>

	<p>Each RP includes an Income Restoration Program (IRP) with measures to mitigate these impacts and to assist HHs to restore their livelihoods (i.e. vocational training, credit program, assistance to find jobs etc.).</p> <p>Relocated businesses. A total of 518 businesses will need to be relocated; two-thirds of these businesses are not registered. They are mainly household based business: small retail shops, clothes shops, coffee shops, beauty salons, hair dressers etc.. This is especially the cases for HH based business encroaching along canals in Vi Thanh, Tan An and Vinh Long cities. Such HH are often encroaching on canals without Land Use Right Certificate (LURC) and will be relocated in serviced RS to ensure security of tenure. Even if the RS are located within 3 km of the former location of the affected house/business, most of the RS are new development areas with currently few potential customers for these businesses which can lead to reduced income. These businesses, especially the non-registered ones, will need to be assisted to find a new place convenient for business. These businesses are also mainly managed by woman as it is convenient for women to operate small businesses within their house.</p> <p>Resettlement Sites are available or planned in all the 7 cities to accommodate HHs to be relocated under the SUUP. Due to the small size of the 7 cities, RS are typically located close to the cities' center and generally within 1-4 km of the location of the proposed investments which will minimize economic and social disruption. The need for RS was confirmed through surveys conducted during RP preparation. In all cities, for a majority of HH to be relocated, the preferred option is relocation in a serviced RS. In Long Xuyen, Soc Trang and Bac Lieu, the existing RS are not sufficient to receive all relocated HH and new RS will be developed under Component 3 of the SUUP with a respective area of 4 ha, 1 ha and 3 ha. A total of 84 HHs will be affected by the construction of these 3 RS (mainly through loss of agricultural land); only 2 HH will need to be relocated. Land acquisition for these 3 RS is addressed under the RPs prepared for these three cities. Fully serviced Resettlement Sites are available or under construction in three cities (Tan An, Vi Thanh and Vinh Long). Cities will purchase plots of land in these RS for relocated HH under the SUUP. Due Diligence reviews were conducted for all these RS, to ensure that land acquisition activities are conducted in line with the GoV regulations and are consistent with the WB OP 4.12 objectives. No legacy issue was identified in these RS to be used for relocated HH under the SUUP. In Ben Tre city, a new RS will be built using local funds for relocated HH under the SUUP; land acquisition and compensation for this RS will follow the provisions of the RPF.</p> <p>Due Diligence was also conducted for another linked project in Tan An City: the construction of Huynh Van Nhut road along the Bao Dinh river where investments under the SUUP are planned. Corrective actions were proposed in the RP for Tan An City to</p>
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	<p>ensure compliance with the RPF. Some other planned projects have also been identified as linked to the SUUP (i.e. the ring road and construction of Bao Dinh river embankment, in Tan An City; construction of Vo Van Kiet road in Vinh Long City). The time required for implementation of these projects is not yet known. Once implemented, land acquisition and compensation should follow the provisions of the RPF.</p> <p>Vulnerable HH. A total of 531 vulnerable HH will be affected by the SUUP across the 7 cities. Most of them (268 PAHs) are Ethnic Minority HH (Khmers) concentrated in Soc Trang (136 PAHs) and Bac Lieu (118 PAHs). 121 poor HH, 77 female headed HH with dependents and economic difficulties, 58 social policy HH, 3 disabled heads of HH and one elderly living alone have also been identified. Specific support for these HH are provided in each of the RP.</p> <p>Voluntary Land Donations. In the LIAs, direct beneficiaries may make modest contributions for the upgrading of infrastructures. The contribution rate was determined as part of the CUP. The CUPs were developed and accepted by the communities. Land donations from the community are accepted as a contribution. We should note that, following the consultation conducted during RP preparation and through the preparation of CUPs, 6 cities decided not to apply land donation under the SUUP.</p> <p>The principles for voluntary land donation are the following:</p> <ul style="list-style-type: none"> - Households are provided with information on the project compensation and resettlement policy. The information on compensation and voluntary donation will be disseminated in public places accessible to the community. - Land donation for the project must be voluntary, informed consent must have been received from the persons who have freely agree to participate in the project, DPs will have the option to agree or disagree on land acquisition without adverse consequences being imposed. - Community households decide the scope of land acquisition for the Project and the scope of their voluntary land donation, - The scope of affected land should be small (less than 10% of their land holding and DPs are not relocated); - The project will provide a suitable claim and problem solving settlement scheme. <p>Details of the process of voluntary land donation will be described in the operations manual.</p> <p>As new investments or adjustments may be proposed, a Resettlement Policy Framework (RPF) was prepared for the whole project to comply with the Bank OP 4.12 and to serve as a legal basis for compensation and resettlement activities for the project. The RPF also helped to standardize the resettlement policy and the entitlements for the 7 cities under the SUUP. A full Resettlement Plan (RP) was developed for each city in line with the RPF.</p>
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		RPF/EMDPs will be cleared by the Bank prior to appraisal. The 7 RPs will have to be updated if substantial changes occur in the project design and/or in the scope of the project impact during project implementation.
Safety of Dams OP/BP 4.37	No	The project does not involve construction of new dams, nor will it affect or be dependent on the safety of any existing dam.
Projects on International Waterways OP/BP 7.50	Yes	<p>No activity of the project is carried out in the main streams of the Mekong River (i.e. the Tien and Hau Rivers). The project will upgrade, improve, or rehabilitate existing urban schemes for storm-water drainage, wastewater sewerage, dredging, and embankments on the canals/ivers which are multi-level branches of the Mekong River.</p> <p>In accordance with paragraph 1(a), OP 7.50 is applicable as the Mekong River is an international waterway, and some of the proposed interventions of 06 cities subprojects (i.e. Ben Tre, Long Xuyen, Soc Trang Tan An, Vi Thanh, Vinh Long) will be implemented on its river basin. During project implementation, there are some potential negative impacts on the water quality of these canals/ivers in the Mekong River basin due to dredging and embankment activities. The adverse impact to the Mekong River during the construction period is assessed as short-term, localized, minor, and insignificant. As the proposed project area is located in the furthest downstream section of the Mekong River, the project investments will not affect the water quality or flow in the upstream riparian countries.</p> <p>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 approved by the Regional Vice President on 30 December, 2016.</p>
Projects in Disputed Areas OP/BP 7.60	No	The Project is not implemented in disputed areas.

IV. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The proposed project covers seven cities of MDR (Bac Lieu, Ben Tre, Long Xuyen, Soc Trang, Tan An, Vi Thanh, and Vinh Long). The project would mainly involve the following physical investments under Components 1, 2, 3: (i) upgrading tertiary infrastructures within the Low Income Areas (LIAs) i.e. small alleys, provision of water supply, drainage systems and trash bins; (ii) construction and upgrading of urban roads and bridges; (iii) construction of secondary sewage and drainage systems along the roads; (iv) dredging, embankment, rehabilitation of rivers, canals, lakes, and ponds; (v) construction of

resettlement areas.

The investments under the proposed project are significantly less complex in scale than the Vietnam Urban Upgrading Project, a category A project, which included large scale activities like the dredging and embankment of large canals/lakes within Ho Chi Minh and Can Tho cities, resulting in a relatively high amount of heavily contaminated sludge to be disposed of. The SUUP does not include such large scale works or the presence of contaminated sludge. The project's proposed investments are broadly similar but more limited in scope than its predecessor, the Mekong Delta Region Urban Upgrading Project (MDR-UUP), a category B project, as there will be no investment in wastewater treatment or solid waste temporary storage. The ESIA's of the seven cities subprojects confirmed that the potential adverse environmental impacts are less adverse than the MDR-UUP and VUUP. These impacts are site-specific; few if any of them are irreversible; and in most cases, mitigation measures can be designed readily. The environmental assessment of the project concludes that the project does not have significant adverse environmental impacts that are sensitive, diverse, or unprecedented. However, the overall project is classified as a category A due to its significant impacts related to land acquisition and resettlement issues.

The subprojects' overall potential socio-environmental impacts would be positive as they are expected to bring about: (i) improved environmental sanitation and urban landscape in the public areas and LIAs; (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 costs; (v) reduction of safety risks and asset loss caused by inundation; (vi) increased accessibility of local people to nearby areas; (vi) additional economic, social, environment and aesthetic benefits from the construction of linear parks along river/canal/lake embankments.

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) disturbance to the habitats of aquatic species; (ii) increased levels of dust, noise, vibration; (iii) pollution risks related to the generation of waste and wastewater, particularly moderate amounts of non-contaminated excavated/dredging materials; (iv) traffic disturbances, and increased traffic safety risks; (v) risks of bank erosion and embankment subsidence as well potential negative impacts to existing weak facilities during the river/canal embankment process; (vi) interruption of existing infrastructure and services such as water and power supply; (vii) disturbance to daily socio-economic activities in the 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 and construction disrupting businesses, agriculture and aquaculture activities as well as waterway traffic due to construction related activities and mobilization of workers to the site.

It should be noted that the rehabilitation of canals, rivers, lakes, and ponds within the cities subprojects would generate a moderate total amounts of sediments, varying from dozens to a few hundred thousand cubic meters for each city subproject. The analyses of sediment quality shows that they are not hazardous, with concentrations of heavy metals that fall within the national standards. However, they contain pathogenic microorganism (e.g. *Escherichia coli*) and have relatively high levels of organic compounds. This sediment could be disposed at the landfill or be used for urban tree planting or agricultural purposes after temporary storage in dry conditions to remove microorganism and partially decompose the organic compounds.

The main issues during the operation of project investments includes the small amount of sludge generated from sewage and drainage systems, management of the small amount of wastewater and domestic solid waste from the upgraded LIAs and resettlement areas; traffic management during the operation of the newly constructed roads and bridge; maintenance to ensure the stability of the embankments and aesthetic values of the rehabilitated canals/rivers/lakes and ponds. These impacts are

long-term, moderate and manageable.

Potential Impacts on Natural Habitats. The subprojects under SUUP are located in the urban area and will not impact any sensitive forest or critical terrestrial natural habitat. Some of civil works will be implemented on existing water courses such as Long Xuyen Canal in Long Xuyen, Bao Dinh river in Tan An; Muong Lo, Cai Nhuc and No 62 Canals, Tam Giac Lake in Vi Thanh; Cau Lau and Kenh Cut Canals in Vinh Long, etc.; these works would potentially impact the natural habitat. Thus, the policy on natural habitat is triggered.

The project is anticipated to have potential positive impacts on the natural environment of the rivers, canals, lake within or running through the city as it includes interventions on water environmental sanitation i.e. wastewater collection, dredging and embankment activities. The embankment of the canals, rivers, lake, and pond will reduce soil erosion on the shore banks, reduce the pollution load and prevent the encroachment of local people on the water courses.

The results of the ESIA process indicated that the proposed project would not impact any protected area nor will it affect important/endangered flora or fauna species or biodiversity areas of high value. The impact of the dredging process could cause the loss of benthic habitat and disturbance of benthic organisms during the construction process. It should be noted that the watercourses are polluted by unregulated, untreated domestic effluents and could be exacerbated during dredging by remobilization of sediments and increased turbidity. The impacts are localized, varying from a minor to a moderate scale depending on whether dredging is conducted in dry or wet conditions. In the long term, the water quality will be enhanced during operation and the impacts are therefore assessed as temporary and reversible and could be mitigated by good construction and management practices.

Potential impacts on Physical and Cultural Resources: In all seven cities there are temples, pagodas, and churches located within the area under direct influence of the project. The potential impacts would be decreased aesthetic values; disturbance caused by the workers' presence and activities, or noise and vibration from construction machineries and vehicles ; traffic safety risks to local people, particularly at peak hours; and increased traffic safety risks. In addition, vibration could also cause the risks on structure cracking/collapse to the gates and fences of certain PCRs and sensitive receptors located within the immediate vicinity to the constructed work (about 5 m distant). The impacts and risks are temporary, could be mitigated and prevented by application of appropriate construction method and good construction practices

The project will involve grave relocation in cities subprojects, which are considered as PCR in the Vietnamese context. The numbers of graves for each city are: Bac Lieu: 43; Ben Tre: 92; Long Xuyen: 27, Vi Thanh: 87; Vinh Long: 168.

The project implementation will result in land acquisition of some yards and fences of religious facilities; i.e. in Soc Trang: 328 m² of gardening land of the Van Dien religious facility; 100 m² of gardening land and 200m of fence of the Ngoc Hung pagoda; 36 m² of Long Hung Pagoda; and in Vinh Long city, 130 m² garden land of the Hung An Tu Pagoda. In addition, the project involves dredging and excavation activities and may therefore result in chance finds.

Mitigation measures to address impacts to PCRs and a chance finds procedure have been included in the subproject ESMPs and RP.

Lessons learned from the predecessor Mekong Delta Urban Upgrading Project (MDR-UUP)

Under the MDR-UUP, the environmental safeguards implementation in the six participating cities has been assessed as "Moderately Satisfactory" or better. Drawing on the experience gained so far in environmental management and supervision, the following lessons will be applied for the SUUP during preparation:

- 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;
- Full supervision of ESMP implementation by Construction Supervision Consultant (CSC) is necessary to ensure project progress in accordance with the safeguard requirements;
- Close monitoring and enforcement by PMUs is important in ensuring compliance with safeguards standards. Each city established an Environmental and Social Unit (ESU), with which the Bank team have worked closely to ensure continued compliance and maintenance of adequate safeguards standards;
- Mobilization of Independent Environmental Monitoring Consultant (IEMC) has been delayed. In order to ensure the delivery of consistent and effective training for stakeholders from city subprojects, mobilization of IEMC shall be carried out rapidly and in a timely manner during the early stages of project implementation.
- While compliance of contractors has increased over time, the repetition of several safeguards issues over the monitoring period necessitates more stringent monitoring by CSCs and PMUs. A safeguards compliance framework has been included in ESIA of SUUP in order to enhance compliance.
- In terms of land acquisition and resettlement, working closely with local authorities to understand outstanding issues or complaints from affected households and to gain a full understanding of and implementation of RPFs/RPs is critical.

Due diligence review:

A due diligence review was undertaken by the Borrower for the Waste Treatment Plants (WTP), landfills and Wastewater Treatment Plants (WWTPs) which will be used by the project for disposal of the wastes and dredged sediment during construction and for treatment of wastewater generated by the project during operation. Most of the WTPs and WWTPs are in the planning phase or under construction. However, they will be completed in time for receiving wastes and wastewater from the project.

For Vinh Long City, due diligence was conducted for expanding the 2nd Landfill in Hoa Phu Commune which will be completed by 2018, and Vinh Long City WWTP which is expected to be completed in 2020. Due diligence was also for the existing Soc Trang City WWTP and WTP in Soc Trang; An Giang Solid WTP (To be completed in 2017) and Long Xuyen WWTP (To be completed in 2017) for Long Xuyen City; Ben Tre WTP (To be completed in 2017) and Ben Tre City WWTP (To be completed in 2020) for Ben Tre City; Existing Thach Hoa Domestic WTP for Tan An City; and Solid WTP in Hoa An commune (To be completed in 2018) and Vi Thanh City WWTP for Vi Thanh City.

The results of the review show that all the existing and futures WTPs, landfills, and WWTPs have enough capacity to receive and treat wastes and wastewater that will be generated by the project during construction and operation. Preparation and construction of these facilities have been in compliance with the government environmental impact assessment requirements. The existing facilities are licensed and operating in line with the related national environmental management regulations.

Due diligence review was undertaken for the existing RS in Long Xuyen, Soc Trang, Tan An, Vinh Long and Vi Thanh, developed by local funds but to be used for relocated HH under the SUUP. Due Diligence was also conducted for another linked project in Tan An City: the construction of Huynh Van Nhut road along the Bao Dinh river where investments under the SUUP are planned. Due Diligence includes review of land acquisition activities to ensure that land acquisition activities were conducted in line with the GoV regulations and are consistent with the WB OP 4.12 objectives. Due Diligence also

include environmental Due Diligence. .

Results of the Due Diligence show that or all the RS, land acquisition and compensation complied with the relevant national/provincial policies at the time of the compensation and are consistent with WB policy; no complaint or dispute was noticed: all affected households had received compensation, assistance, and resettlement and handed over their land to the project. There is no legacy issue. Regarding the Huynh Van Nhut Road, corrective actions were proposed in the RP for Tan An City to ensure compliance with the RPF.

Some other planned projects have also been identified as linked to the SUUP (i.e. the ring road and construction of Bao Dinh river embankment, in Tan An City; construction of Vo Van Kiet road in Vinh Long City). The timeframe for implementation for these projects is not yet known. Once implemented, land acquisition and compensation should follow the provisions of the RPF.

OP/BP4.12 Involuntary Resettlement: About 157 ha needs to be acquired for the new investments in the seven project cities (including 26.1 ha of residential, 81.5 ha of agricultural land and 47.2 ha of public land or land managed by state agencies), which would result in about 10,166 households being affected including 1,201 to be relocated. RPs have been developed for each of the city's in line with OP4.12.

OP/BP4.10 Indigenous Peoples: Ethnic Minority groups are present in the subproject areas of Bac Lieu and Soc Trang cities. In these two cities, significant populations of ethnic minorities (mainly Khmer but also Chinese and some Cham) are present accounting for 36% and 21% of the total population in Soc Trang and Bac Lieu respectively. Among the three EM groups, the Khmer is the poorer and most vulnerable group, followed by the Cham while the Hoa have an equal or higher standing with the Kinh. The ethnic Khmer, Cham and Hoa have largely inter-married with Kinh and are typically integrated into the wider Kinh communities. In the project areas, a total of 191 EM HH (118 Khmer, 69 Chinese and 4 Cham) will be affected by investments under the SUUP in Soc Trang City and 185 in Bac Lieu City (136 Khmers and 49 Chinese). 13 EM HH in Soc Trang and 5 in Bac Lieu (all Khmer) will need to be relocated. As such, OP/BP4.10 is triggered. An ethnic minority policy framework and two ethnic minority development plans (EMDP) for Bac Lieu and Soc Trang have 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: Concrete actions have been taken to mainstream gender in all phases of the project. During project preparation, CUPs were developed through consultations with a minimum participation requirement of 60% of LIA residents and an equal representation between genders. Negative livelihood impacts resulting from project implementation and resettlement were judged to disproportionately affect women constrained to running home-based businesses due to household management and childcare responsibilities. Options for possible mitigation measures (cash assistance during transition periods to resettlement sites or preferred business locations within resettlement sites) are being explored with city administrators and will be included in the resettlement plan of each city. The project will solicit the participation of women's union groups in disseminating project information and providing feedback on implementation as well as serving as a liaison between the community and PMU. The Women's Union is a well-established social network that operates at the central, provincial, district, and commune/ward level and has a record of strong grassroots organization. Finally, during project evaluation, the project team will monitor indicators disaggregated by gender.

The seven ESIA's of the SUUP confirmed these impacts to be moderate to significant, short to medium term, unavoidable, and can be mitigated through effective consultation and adequate compensation.

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

The project is expected to have significant positive benefits for the environment, public health and the tourism-based economy due to reduced frequency and level of flooding in the cities, improved collection and treatment of wastewater, and improvements in sanitation service and capacity.

The long term impacts are those related to the small amount of sludge, wastewater and solid waste generated from upgraded LIAs and resettlement areas; traffic issues during the operation of the newly constructed roads and bridges, waste disposal into the rehabilitated watercourses causing pollution and decreased aesthetic values. The ESIA confirmed that these impacts vary from small to moderate in scale. Specific mitigation measures have been included in the ESMP to mitigate these impacts.

Induced development: There are various social impacts that may occur due to land use changes along the newly constructed roads and/or induced development (increased solid waste, illegal use of right of ways, etc.); however, this is likely to be a long-term issue. During the first few years, these impacts will be minor however improving people's knowledge of socio-economic development opportunities and risks related to social issues could help reduce potential negative impacts to local population.

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

The project's proposed investments are in line with the cities' master plans which have been approved by the Government. Alternatives were considered in the preparation of the master plans, which are also subject to review by environmental authorities as per Vietnamese law. The EIAs were conducted sufficiently early in the feasibility study to influence the choice of site-specific technical alternatives. The options selected were based on considerations of all the aspects together including technical, social and environmental, and economic dimensions.

For the investments under component 1 of all seven participating cities, alternatives to upgrading alleys with or without extension were considered. The selected option was extension of the main alleys to a minimal width of 4 m while small alleys will be upgraded based on their current status to a width of 2 m. This option was selected based on various merits i.e. moderate construction cost, moderate scale of land acquisition and resettlement; while improved living conditions, landscape, and public amenities of local people are ensured.

For the investments under Component 2, alternatives have been analyzed for the types of embankment for rehabilitated canals, rivers, lakes and ponds. For the water courses which have large hydrological flows and waterway traffic such as Long Xuyen Canal (Long Xuyen subproject) or Bao Dinh River (Tan An subproject), various alternatives for hard embankment structures have been considered to ensure the stability of construction work, and harmonization with the existing sections of the embankment for the watercourse.

For the pond, lakes and canals that have small or moderate hydrological flows and do not have waterway traffic, alternatives were considered to maximize the use of soft embankment structures or at least combine soft and hard structures. The selected options are based on the consideration of all aspects including: (i) ensuring sustainability of infrastructures and the hydrological flow of the water courses during operation, (ii) enhanced aesthetically pleasing landscape with the green space above the soft embankment part, (ii) minimizing land acquisition to the extent possible; (iv) harmonizing with the existing embankment sections of the water courses.

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.

An Environmental and Social Impacts Assessment (ESIA) has been prepared for each of the cities to assess the potential impacts and risks of the proposed investments. The ESIA include the World Bank

Group Guidelines on Environmental, Health and Safety, due diligence review of existing landfills, wastewater treatment plants receiving the wastewater collected under the project; 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). Seven ESMPs have been prepared as integral parts of the seven subproject ESIA's. The objectives of the ESMPs are to: (i) ensure compliance with the applicable provincial and national laws, regulations, standards, and guidelines; (ii) ensure that there is sufficient allocation of resources within the project budget for implementation of ESMP-related activities; (iii) ensure that environmental risks associated with the project are properly managed; (iv) respond to emerging and unforeseen environmental issues not identified in the subproject 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 are referred to as Environmental Codes of Practices (ECOP), site-specific environmental and social measures to deal with the impacts specific to the subproject 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 subproject ESMP includes a Compliance Framework which lays out the role and responsibilities of the contractor and a penalty system to address cases of non-compliance with the environmental management requirements of the subproject by the contractor. The ESMPs include the budgets for their implementation, including for capacity building on project environmental management.

Some key mitigations measures at subproject level include:

Management of dredged materials. The analyses on sediments quality showed that they are not hazardous, with the concentrations of heavy metals within the national standards. However, the sediment do contain pathogenic microbes and have relatively high levels of organic compounds. This sediment could be disposed of at the landfill or be used for urban tree planting or agricultural purposes after temporary storage in dry conditions to remove microbes and allow partial decomposition of organic compounds. Draft Dredged Material Management Plans (DMMPs) have been prepared for investments involving dredging works for each city subproject. The DMMPs will be updated during the detailed design stage with additional necessary analysis of sediment quality, detailed information on the amount of sediment generated, and with requirements relating to the contractor's dredging method, transportation and disposal that are appropriate and cost-effective. The updated DMMPs will be incorporated into the related bidding documents and construction contracts.

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

To facilitate effective implementation of the ESMPs, the city subproject 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 a qualified Independent Environmental Management Consultant (IEMC) to assist the ESU in performing these tasks.

The city water supply, drainage, and urban maintenance companies, as appropriate, will be responsible for implementing the mitigation measures during the operational stage of the project and they will ensure that the mitigation measures are implemented and that adequate budget is provided. The Provincial

Steering Committee (PSC) chaired by the Chairman or Vice Chairman of the Provincial People's Committee (PCP) of the respective province will provide the overall policy guidance and oversight of project implementation.

Community Upgrading Plans (CUPs) were prepared in each city. CUPs are based on extensive community consultations and social surveys to identify priority investments in LIAs. Investments are designed with flexible standards and attention to universal accessibility, and are screened to minimize social and environmental impacts. The CUPs also assessed the willingness of HH to voluntarily donate land. The consultation process and updating of CUPs will continue throughout the project life, from upstream identification through to construction.

An Ethnic Minority Policy Framework (EMPF). An EMPF was prepared for the whole project in order to guide preparation of Ethnic Minority Development Plans (EMDP) in these two cities as well as to prepare for any changes in other cities that might lead to impacts on EMs. The main objective of the EMPF is to ensure that the development process fosters full respect for the dignity, human rights and cultural uniqueness of EMs.

Ethnic Minority Development Plans (EMDP). In line with the EMPF, EMDPs have been developed for Soc Trang and Bac Lieu cities based on the SAs conducted. The EMDPs aim to: (a) minimize, mitigate, and compensate for potential adverse impacts to the Khmer community, (b) ensure that the Khmer receive socio-economic benefits that are appropriate to and inclusive of both genders and which apply across generations. The EMDP is implemented based on the findings of the SA and consultations with the affected Khmer groups in the two cities. Implementation of the SUUP will bring benefits to the local population in general and to the Khmer people in particular, by improving the living conditions of the people through in particular the improvement of transport connections, environmental sanitation and water supply. This is particularly the case in LIAs where Khmer people are concentrated. Negative impacts are minors and are linked to limited land acquisition and potential impacts on livelihood of displaced Khmer HH. Development activities to enhance benefits for the Khmer community in the two cities are included in the two EMDPs.

Resettlement Policy Framework (RPF). A resettlement policy framework (RPF) has been prepared in accordance with the Bank's policies and guidelines. The RPF lays down the principles and objectives of resettlement, the eligibility criteria of displaced persons, the types of entitlements, compensation and assistance, the relocation options, the consultation process and the grievances redress mechanisms. The RPF is prepared to guide the preparation of 07 sub-project RPs and the policy application during project implementation in the case of changes in the project scope, design, alignment etc. leading to additional (or new) land acquisition/involuntary resettlement impacts.

Resettlement Plans (RPs). Along with the RPF, PMUs have prepared seven RPs (one for each project city) which will be reviewed and cleared by the World Bank. After receiving the Bank's clearance, PMUs will seek the approval of RPs from Provincial People's Committees (PPCs) of An Giang, Bac Lieu, Ben Tre, Hau Giang, Long An, Soc Trang and Vinh Long, enabling its full implementation. Two rounds of consultation have been organized during the preparation of RPF and RP. Relocated HHs will have the choice of self-relocation or moving to either existing resettlement sites or new resettlement sites to be constructed. In Long Xuyen, Soc Trang and Bac Lieu, the existing RS are not sufficient to receive all relocated HH and new RS will be developed under Component 3 of the SUUP with a respective area of 4 ha, 1 ha and 3 ha. A total of 84 HH will be affected by the construction of these 3 RS (mainly through loss of agriculture land); only 2 HHs will need to be relocated. Land acquisition for these 3 RS is addressed under the RPs prepared for these three cities. Fully serviced Resettlement Sites are available or under construction in three cities (Tan An, Vi Thanh and Vinh Long). Cities will purchase plots of land in these RS for relocated HHs under the SUUP. Due Diligence reviews were conducted for all these RS, to ensure that land acquisition activities were conducted in line with the GoV regulations and are consistent with the WB OP 4.12 objectives. No legacy issue was identified in these

RS. In Ben Tre city, a new RS will be built using local funds for relocated HHs under the SUUP; land acquisition and compensation for this RS will follow the provisions of the RPF. Due Diligence reviews were conducted for all these RS, to ensure that land acquisition activities were conducted in line with the GoV regulations and are consistent with the WB OP 4.12 objectives. No legacy issue was identified in these RS to be used for relocated HHs under the SUUP. In Ben Tre city, a new RS will be built using local funds for relocated HHs under the SUUP; land acquisition and compensation for this RS will follow the provisions of the RPF. The estimated budget for land acquisition, compensation, resettlement and support is approximately 1,757 billion VND (US\$ 78.5 M).

Grievance and Redress Mechanism (GRM): Each subproject safeguard instrument (ESMP, RAP) 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 subproject construction commences. Within the Vietnamese legal framework, citizen rights to complain are protected. As part of overall implementation of the subproject, the GRM will be established by the 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, details of the responsible person, and contact information.

The complaints can be received in verbal or written form, 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 the responsible person for them to take action. To facilitate the complaint process, subproject information leaflets will be prepared and distributed at the subproject 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 subproject 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 address of the website that provides information on how to submit complaints to the World Bank's GRS is also provided.

Assessment of borrower capacity. The seven cities have in general limited experience in implementing the World Bank safeguards. All implementing agencies (PMUs of Bac Lieu, Ben Tre, Long Xuyen, Soc Trang, Tan An, Vinh Long and Vi Thanh), through their dedicated staff/unit, will be responsible for implementing and monitoring the safeguard instruments (ESMPs, RPF, RP) as well as mitigation measures defined in the ESIA. The implementation of safeguard instruments will be internally monitored by the PMUs in close coordination with the respective Peoples' Committees and the line departments at different administrative levels and externally supervised by independent monitoring agencies. Implementing agencies will ensure that activities related to environmental and social safeguards will be properly tracked, reported and documented. Independent monitoring will start around the same time as implementation of activities and will continue until the end of the project/sub-project. The performance of, and compliance with, safeguard instruments will also be subject to regular supervision by the Bank Task Team. During the project implementation, appropriate training will be provided to the PMUs, consultants and local community representatives on the safeguard instruments to be applied to the Project.

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 between July and December 2016. The affected people and communities and other relevant stakeholders have been consulted on the RPF, subproject ESIA, socio-economic study, RPs, EMPF and EMDPs. The

feedback from the consultations have been incorporated into the project design, the final draft RPF, EMPF subproject ESIA, RPs and EMDPs. The draft version of the project RPF, EMPF, ESIA Executive Summary, and the subproject ESIA, RPs, EMDPs have been disclosed both locally at the subproject PMUs, and subproject areas, and through the World Bank Operation Portal on January 10 and 11, 2017, respectively. These final environmental and social safeguards instruments will be disclosed locally and through the Bank Operation Portal. This Appraisal Stage Integrated Safeguards Data Sheet for the project will also be disclosed through the Bank Operation Portal.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	10-Jan-2017
Date of submission to InfoShop	11-Jan-2017
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	2017
"In country" Disclosure	10-Jan-2016
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	10-Jan-2017
Date of submission to InfoShop	11-Jan-2017
"In country" Disclosure	10-Jan-2016
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	10-Jan-2017
Date of submission to InfoShop	11-Jan-2017
"In country" Disclosure:	10-Jan-2017
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 [X]	No []	NA []
If yes, then did the Regional environmental Unit of Practice Manager review and approve the EA report?	Yes [X]	No []	NA []
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [X]	No []	NA []
OP/BP 4.04 - Natural Habitats			
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes []	No [X]	NA []

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 [] No [] NA [X]
OP/BP 4.11 - Physical Cultural Resources	
Does the EA include adequate measures related to cultural property?	Yes [X] No [] NA []
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [X] No [] NA []
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 [X] No [] NA []
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [X] No [] NA []
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Sector Manager?	Yes [] No [X] NA []
OP/BP 4.12 - Involuntary Resettlement	
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [X] No [] NA []
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [X] No [] NA []
Is physical displacement/relocation expected?	Yes [X] No [] NA []
*Provide estimated number of people to be affected	1,201
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)	Yes [X] No [] NA []
*Provide estimated number of people to be affected	1,461
OP 7.50 - Projects on International Waterways	
Have the other riparians been notified of the project?	Yes [] No [] NA [X]
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 [X] No [] NA []
Has the RVP approved such an exception?	Yes [X] No [] NA []
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's InfoShop?	Yes [X] No [] NA []
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 [X] No [] NA []
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

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Borrower/Client/Recipient

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Implementing Agencies

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Name: Construction-investment Project Management Unit of Vi Thanh city.
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Name: Investment Projects Management Unit of Ben Tre city.
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Name: Construction-investment Project Management Unit of Bac Lieu city.
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Name: Urban upgrading Project Management Unit of Long Xuyen city.

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Name: Construction-investment Project Management Unit of Tan An city.
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Name: Soc Trang Department of Construction.
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VI. For more information contact:

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VII. Approval

Task Team Leader(s):	Name: Hoa Thi Hoang, Gayatri Singh <i>hoahoa</i>	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Peter Leonard <i>Peter Leonard</i>	Date: March 2, 2017
Practice Manager/Manager:	Name: Abhas K. Jha <i>Abhas K. Jha</i>	Date: March 6, 2017
Country Director:	Name: Ousmane Dione <i>Ousmane Dione</i>	Date: March 6, 2017