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Socialist Republic of Vietnam

Ministry of Industry and Trade

VIETNAM SCALING UP ENERGY EFFICIENCY PROJECT

(VSUEE)

Resettlement Policy Framework

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Acronyms and Abbreviation

AP	Affected Person
CPEE	Clean Production and Energy Efficiency
DP	Displaced Person
DPC	District People's Committee
EE	Energy efficiency
ESCOs	Energy Service Companies
GFU	Grievance Facilitation Unit
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IEs	Industrial Enterprises
MOIT	Ministry of Industry and Trade
MONRE	Ministry of Natural Resources and Environment
OP	Operational Policy
PB	Participating Bank
PC	People's Committee
PCR	physical cultural resources
PIE	Program Implementing Entity
PFIs	Participating Financial Institutions
PMB	VSUEE Projects Management Board
IE	Industrial enterprise
PPC	Provincial People's Committee
RPF	Resettlement Policy Framework
TA	Technical Assistance
VSUEE	Vietnam Scaling Up Energy Efficiency Project
WB	World Bank

Glossary

Affected persons (APs)	Individuals, organizations or businesses that are directly affected socially and economically by WB-funded projects caused by the involuntary taking of land and other assets that results in (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location. In addition, affected person is one for whom involuntary restriction of access to legally designated parks and protected areas that result in adverse impacts on livelihoods also.
Cut-off-date	Is the date when the PPC issues the Notification of Land acquisition for the relevant project (Article 67.1 of Land Law 2013) before implementation of detailed measurement survey. Affected persons and local communities will be informed of the cut-off date for each project's component, and that anyone moving into the project component areas after that date will not be entitled to compensation and assistance under the Project.
Eligibility	The criteria to receive benefits under the resettlement program.
Entitlements	Include compensation and assistance for APs based on the type and extent of damage.
Income (livelihood) restoration	A set of activities to be provided to the affected people who lost income sources or means of livelihoods to restore their income and living standard, as equal to or better than pre-project level.
Inventory of Losses (IOL)	Is process of accounting for physical assets and income affected by project.
Livelihood	A set of economic activities, involving self-employment, and or wage employment by using one's endowments (both human and material) to generate adequate resources for meeting the requirements of the self and household on a sustainable basis with dignity.
Project impact	Any consequence immediately related to the taking of a parcel of land or to restrictions in the use of legally designated parks or protected areas. People directly affected by land acquisition may lose their home, farmland, property, business, or other means of livelihood. In other words, they lose their ownership, occupancy, or use rights, because of land acquisition or restriction of access.
Replacement cost	The term used to determine the amount sufficient to replace lost assets and cover transaction costs. For losses that cannot easily be valued or compensated for in monetary terms (e.g.

	access to public services, customers, and supplies; or to fishing, grazing, or forest areas), attempts are made to establish access to equivalent and culturally acceptable resources and earning opportunities.
Resettlement	In accordance with the World Bank's Operational Policy on Involuntary Resettlement (OP 4.12), it covers the involuntary taking of land that results in (i) relocation or loss of shelter, (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location.
Severely Displaced Person	Means DPs who will (i) lose 20% (10% for vulnerable households) or more of their total productive land and assets and/or more of their total income sources due to the Project, (ii) have to relocate.
Stakeholders	Any and all individuals, groups, organizations, and institutions interested in and potentially affected by a project or having the ability to influence a project.
Vulnerable groups	Groups of people who might suffer disproportionately or face the risk of being further marginalized by the effects of resettlement and specifically include: (i) women headed household (single, widow, disabled husband) with dependents, (ii) disabled (loss of working ability), the elderly alone, (iii) poor people according to the criteria issued by the MOLISA, (iv) the landless, and (v) ethnic minority people.

SECTION 1. INTRODUCTION

Vietnam is one of the most energy-intensive countries in East Asia, its energy intensity increasing about 10 percent in period 2001-2010, in which electricity demand increasing annually about 13 percent in period 2001-2010 and about 11 percent during 2011-2015. According to the Vietnam Energy Statistics 2015, total primary energy supply of Vietnam was 70,588 KTOE. In Vietnam's overall energy intensity, industry is the most energy-intensive economic sector, accounting for 47.3 percent of the final energy use. Rapid increase in the industrialization and less effective energy use are main factors for Vietnam's energy intensity to be high in comparison with other countries.

Vietnam has limited domestic energy resources, most of the larger hydropower projects developed, primary energy resource and fossil exhausted, renewable energy such as small hydropower, wind, solar and another type limited by regulatory and financial framework, cost of investment and technology.

In next decades, Vietnam energy demand is still increase, the dependence on imported energy resource affecting energy security, impacted by international and regional energy cost. The cost of energy to Vietnam's consumers currently amounts to around US$14-15 billion per year. In the power sector alone, the financing needs are about US$7.9-10.8 billion annually to meet future demand for generation and network investments.

In the Power Development Plan for the period 2011 – 2020 with vision to 2030 revised and passed by the Prime Minister of Vietnam on March 18, 2016 (PDP7 revised), energy demand for national economic-social development is around 7.0 percent per year in the value of GDP. In this scenario, the increase of national electricity demand in the next period is significant reduction in comparison with the previous period, but still high compared to other countries, especially 10.6 percent per year (in period 2016 – 2020), 8.5 percent per year (in period 2021 – 2025), and 7.5 percent per year (in period 2026 – 2030). Current demand projections show a dramatic increase from 45,000 MW to 60,000 MW in 2020 to 129,500 MW in 2030. It is a big energy challenge to provide capital for expansion, improvement of transmission grids, distribution, investment, development of new electricity as well as sufficient provision of primary power for electricity plants.

According to the Bank's Low Carbon Study 2011, Vietnam could save up to 11 GW of new generation capacity by 2030 if comprehensive demand-side EE investments are carried out, especially energy intensive industrial enterprises such steel, cement to be able to reduce 30 percent of greenhouse gas from those activities.

Vietnam has also pledged, in its Nationally Determined Contribution (NDC) submitted to the United Nations Framework Convention on Climate Change (UNFCCC), to reduce 8 percent of the GHG emission during 2021 - 2030 compared to the business-as-usual scenario and to further aim at 25 percent reduction with support from the international community. In Vietnam's NDC report, GHG emission in energy sector is 85 percent of total GHG emission of nation by 2030. Therefore, EE plays important role for national energy saving if organized and implemented sufficiently, to help sustainable economic development and environmental protection, to conduct Vietnam's pledge of reduction of GHG emission, responding to global climate change.

In order to meet energy demand, and to reduce GHG emission as pledged to international community, Vietnam needs to aim target of sustainable development of energy sector. One of strategic measures is energy efficiency use and energy efficiency for society, especially energy intensive industrial enterprises such steel, cement, chemicals, food processing, consumer goods, etc. In fact, investment for energy efficiency is multiple-purpose measure, including resources saving, environmental pollution reduction, economic efficiency, energy efficiency use, increasing competition in reduction of production cost, saving for energy expense.

Therefore, proposed project "Vietnam Scaling Up Energy Efficiency" is important for social-economic development, environmental protection, improvement of energy efficiency activities, reduction of GHG emission in industrial and energy sectors, implementation of the Paris Agreement on Climate change and NDC of Vietnam for 2021 – 2030. Simultaneously, the project contributes importantly for implementation of the national priority policies on energy efficiency and energy security, reduction of GHG emission and environmental protection.

Under Component 1, the Project will provide partial credit guarantee to Participating Financial Institutions (PFIs) to cover potential defaults on loan (PFIs Loans) provided by PFIs to Industrial Enterprises (IEs) and energy service companies (ESCOs) to finance eligible EE subprojects. These subprojects are under energy intensive industries such as cement, iron and steel, and pulp and paper. The following potential energy saving measures will be used: (a) adoption of energy saving industrial technologies (e.g., efficient industrial boilers, kilns, and heat exchange systems); (b) recovery and utilization of wastes and waste heat; (c) installation of highly efficient mechanical and electrical equipment (e.g. motors, pumps, heating and ventilation equipment); and (d) industrial system optimization to reduce energy use. Under component 2, the Project will provide different technical assistance and capacity building activities to MOIT, IEs, PFIs to leverage the energy efficiency policy development, commercial involvement, and industries voluntary agreements.

Project Development Objective (PDO): The project development objective is to improve energy efficiency in Vietnam's industrial sector and contribute to achieving the government's energy efficiency, ensuring energy security, implementing tasks and GHG's reduction objective.

Project components: The project consists of two components:

(1) Component 1 –Risk Sharing Facility - RSF

GCF provides a seed funding grant of 03 million USD to pay for Program Implementing Entity including PIE's operating expenses and resolving issues arising from the guarantees during the first operating years of the project (if any) in order to assess the GCF RSF managed by the World Bank.

PIE will conduct activities relevant to providing risk guarantees for energy efficiency loan project in the Vietnam's industrial sector, facilitating energy efficiency investment project to assess US$ 75 million from RSF developed by GCF and authorized by the World Bank.

The Fund will provide a partial credit risk guarantee (sub-guarantee) for the Participating Financial Institutions (Commercial Banks) to guarantee Industrial Enterprises' loans. In case IEs have insufficient cash to service the debt will lead to the

inability to repay loans to PFIs, the RSF will make payment with an estimated average guarantee of 50% amount of debt during the project period.

Currently, according to normal trading mechanism, the PFIs decide the interest rate when reviewing, evaluating, appraising and negotiating with IEs in order to ensure the competitiveness in the market. However, with the provision of an estimated average of 50% amount of debt from GCF, it will be one of the factors for the commercial banks to consider reducing loan interest rate due to the shared risk factors of the project and the lower requirement of collateral. In addition, the technical assistance using ODA fund will also be focused on supporting PFIs' professional activities (such as selection, appraisal, project management …) and building capacity for PFIs in order to reduce input costs, thereby contributing to reducing loan interest rate to IEs. Industrial enterprises, ESCOs, and consulting firms will also be provided essential technical assistance for project development, capacity building and image promotion… during the implementation of project. During the development of project, the World Bank and Ministry of Industry and Trade conducted series of consultation workshops with the participation of enterprises, commercial banks, financial institutes, PFIs all expressed their interest in the guarantee fund and proposed to reduce loan interest rate from 1 – 1.5% when the guarantee is covered. All of these factors will contribute to increase the feasibility of each energy efficiency sub-project as well as the feasibility of VSUEE during the implementation of project.

(2) Component 2: Technical assistance:

- Study, develop mechanisms, policies and solutions to achieve energy efficiency objectives; support to develop energy efficiency business models in the industrial sector;

- Study, develop technical guidelines to promote the application of energy management solutions for Vietnam's industrial sectors;

- Building capacity for managers, technical staffs of Ministries, localities, industrial zones, key energy consumption facilities, supporting the implementation of short-term and long-term training programs on human resources in the field of energy efficiency, training, conferences, workshops, communication, experience sharing inland and outland related to energy efficiency in industries, energy and climate change response, green growth.;

- Building capacity for PFIs to improve their knowledge, experience and expertise in identifying, appraising and implementing energy efficiency lending projects in the industrial sector and business development of energy efficiency credit products;

- Building capacity for IE and energy efficiency service providers (Energy Service Company - ESCOs) to identify energy efficiency projects and carry out energy audits, technical designs and project preparation to develop bankable projects;

- Support the implementation of Vietnam's NDCs commitment in energy, industry to implement the Paris Agreement on climate change such as developing and operating MRV systems for GHG reduction at the sector level, sub-industry, studying the development of GHG emission factors for a number of high emission sectors, developing NAMA proposals and implementation mechanism for some potential industries, pilot developing low carbon emission models for industrial enterprises;

- Support the management, supervision, operation of the project such as the operation of Project Office, purchasing equipment, renting office for project staffs and experts, travel supports, accommodation and perdiem for project managers and support staffs.

A detailed TA and capacity-building program and plan for the MoIT, PFIs, and IEs, and the associated procurement plan, will be developed for the first 18 months.

Project target area

- The IEs use loan to invest, implement energy efficiency measures in the energy-intensive industrial sectors such as cement, steel, pulp and paper, chemical and fertilizer, mining … of both public and private sectors;

- Commercial banks participating in the project: receive benefits by assessing to low-cost risk management tools, developing credit products on energy efficiency. In addition, participating banks are trained and improve their capacity in the preparation, appraisal and management of energy efficiency project.

- The agencies directly participate in the project implementation includes: central and local EE state management units, project management units, commercial banks, energy service consulting firms, energy conservation centers entire country.

Anticipated subproject types

Energy efficiency technologies vary by industrial sub-sectors but typical energy-saving measures includes:

- ***Energy systems****:* upgrading boilers and switching fuels, using co-generation facilities and electric-driven systems, including compressed air systems, electric chillers, machinery and lighting;

- ***Process technology****:* upgrading and replacing equipment, machinery and facilities;

- ***Waste heat and waste use***: use of waste heat (of hot/warm gases, liquids and solids) and burning combustible waste (gases, liquids, solids).

- ***Use of Renewable Energy (RE)*** sources in order to decrease fuel and/or electricity consumption in IEs may also be considered.

The below depicts the energy flows and investment in typical industrial enterprises.

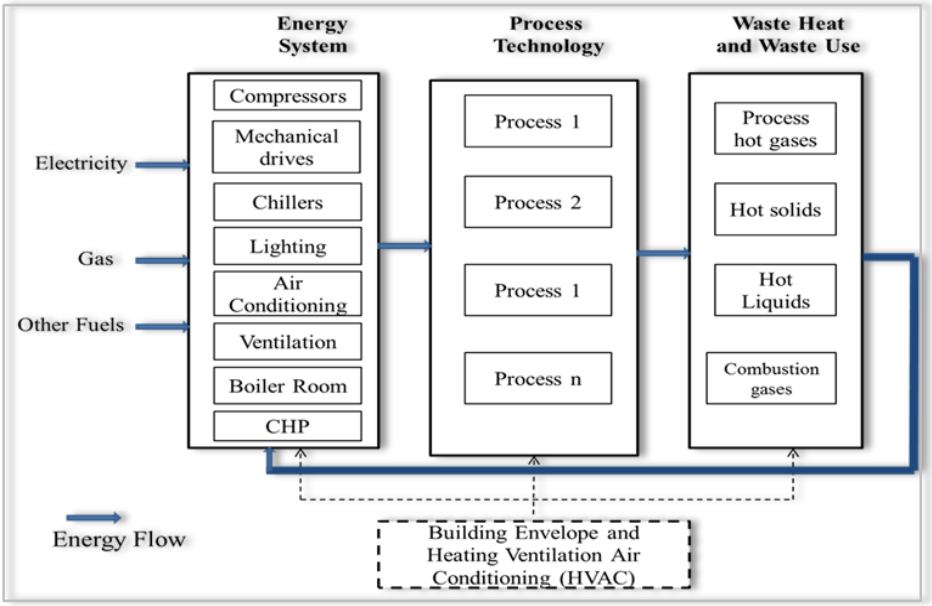


Figure 1: Potential EE Measures

Energy intensive industrial sectors include cement, steel, textile, pulp and paper, food processing, bricks and ceramics, which are originated in targeted sub-projects.

Hereafter is listed some of potential energy efficiency and energy saving projects of three intensive energy industrial sectors including cement, steel, pulp and paper.

Energy saving and energy efficiency projects for cement industry include, but not limited as:

- Using roller mill for grinding raw material,
- Improving furnace fans and optimization of fans,
- Installation of variable speed drivers,
- Using waste fuel and waste heat recovery.
- Utilization of heat exhaust for power generation.

Energy saving and energy efficiency projects for steel and iron industry include, but not limited to:

- Oxy-fuel burners/lancing
- Construction of closed production lines
- Replacement of low performance air compressor,
- Installation of inverter for motor to operate at low or fluctuating load.
- Waste Heat Recovery utilizes the heat from flue gas (exhausted heat from electric arc furnaces, furnaces, kilns, etc.).
- Combustion air preheating for reheating furnace.

Energy saving and energy efficiency projects for Pulp and paper industry include, but not limited to:

- Investment of a new efficient boiler for cogeneration (heat and electricity),
- Replacement of motors,
- Switching biomass fuel technology,
- Chemical waste recovery for heating.

The subprojects under the Bank's partial guarantee have not been identified by appraisal. In addition, the nature and location of investments under the VEEIE and the VSUEE Project are the similar. As such, during the preparation, the Resettlement Policy Framework (RPF) for the original VEEIE project has been updated by MOIT to ensure that it is pertinent for VSUEE Project. The RPF provides guidance and sets out the requirements to ensure the safeguard compliance of the Project during implementation period. The RPF is in accordance with the Bank's involuntary resettlement policies and national legislations.

The RPF establishes principles and procedures to be followed if subsequent stages of project design or implementation are to cause land acquisition or other involuntary restrictions on access to land or other resources. This RPF will be applied to all activities of the Scaling Up Project that result in involuntary resettlement, regardless of the source of financing. In addition, all non-Bank funded activities that in the judgment of the Bank are (i) directly and

significantly related to the Bank-assisted project; (ii) necessary to achieve its objectives as set forth in the project documents; and (iii) carried out, or planned to be carried out, contemporaneously with the project, are subject to the applicability of this Resettlement Policy Framework.

The RPF will be adopted by MOIT and integrated in the Project Operation Manual to ensure that environmental and social issues will be considered together with other requirements during project implementation.

Objectives and Principles of Resettlement Policy Framework

The Law on Land No. 45/2013/QH13, Article 87.2 requires "…For the projects using loans from foreign and international organizations, for which Vietnam has committed to a policy framework for compensation, support and resettlement, that framework shall apply". So, this Resettlement Policy Framework (RPF) of the project is prepared in compliance with the World Bank's OP/BP 4.12 and the Vietnam's Laws and Decrees on compensation, assistance and resettlement.

The basic objective of the RPF to ensure that all AHs of the project (APs) will be compensated at replacement cost and assisted with restoration measures to help them improve or at least maintain the living conditions and the capacity to make income before the project. The RPF is prepared to guide the preparation of RAPs during the project implementation phase. The RPF gives out bases for preparing, reviewing and approval of RAPs for the subprojects that require land acquisition, compensation and resettlement regardless of financial sources.

This RPF is to be submitted to the Prime Minister (or authorized to the PPCs of participating provinces) for approval and to the donor for clearance before Agreement Negotiation. The Resettlement Policy Framework has been disclosed in the Vietnamese language and made available on the project website and made available in sub-project for affected communities. The English version of the RPF has been publicly disclosed at the World Bank internal and external website.

1.1. Linked Activities

OP 4.12 also applies to other activities resulting in involuntary resettlement that are:

(i) Directly and significantly related to the project;

(ii) Necessary to achieve its objectives as set forth in the project documents; and

(iii) Carried out, or planned to be carried out, contemporaneously with the project.

Based on the above criteria, in the FS stage, linked activities will be defined and described in specific RAPs. The application of OP 4.12 (including due diligence review, institutional arrangement, and Client's commitments) and provisions of this RPF will also be discussed in those safeguard instruments. This RPF shall be used as guidance for the detailed planning and implementation of the Resettlement Action Plans in subprojects.

SECTION 2. LEGAL FRAMEWORK

2.1 The World Bank's OP 4.12 Involuntary Resettlement

As regulated by the WB, RPF shall be in compliant with OP 4.12 - Involuntary Resettlement with the basic guiding principles as follows:

- Involuntary resettlement should be avoided where feasible, or minimized exploring all viable alternative in project design;
- Where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the person displaced by the project to share in profit benefit. Displaced Person should be meaningful consulted and should have opportunities to participate in planning and implementing resettlement programs.
- Project affected persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

Measures required that resettlement has a positive outcome including:

- Consulting with potential Project-affected people on feasible measures for resettlement and rehabilitation;
- Providing Project-affected persons with options for resettlement and rehabilitation;
- Providing compensation at full replacement cost for losses;
- Choosing relocation sites that provide, at a minimum, the same benefits and services as the sites they replace;
- Providing allowances, training and income support to assist in making a smooth transition;
- Identifying vulnerable groups and providing special assistance to these groups; and,
- Establishing an institutional and organizational structure that supports this process to a successful end.

2.2 Applicable Vietnam Laws and Regulations

For public investment projects using domestic budget, principles and policies on land acquisition, compensation and resettlement arrangement are stipulated by the Government on the basis of laws, decrees and decisions by the Government on land acquisition, compensation and resettlement, including the followings:

- The Constitution of Vietnam 2013;
- The Electricity Law 2012 No. 24/2012/QH13, approved by the National Assembly on 20th Nov., 2012 and took effective 1st July, 2013, regarding amendment and supplementation of some articles of Electricity Law, 2004;

- The Land Law 2013 No. 45/2013/QH13, approved by the National Assembly on 29th No., 2013 and put into force on July 1st, 2014;
- Decree No.67/2007/ND-CP of April 13th, 2007 on support policies for social protection beneficiaries;
- Decree No.13/2010/ND-CP of February 27th, 2010 amending and supplementing a number of articles of the Government's Decree No. 67/2007/ND-CP;
- Decree No.01/2017/ND-CP dated January 6, 2017 amending and supplementing several decrees guiding the execution of the Land Law;
- Decree No.43/2014/ND-CP issued on 15/5/2014 concretely guiding the implementation of some articles of the Land Law, 2014;
- Decree No.44/2014/ND-CP issued on 15/5/2014 regarding land prices;
- Decree No.45/2014/NĐ-CP, issued on 15/5/2014 and come into force on 1/7/2014, regarding land use fees;
- Decree No.47/2014/ND-CP issued on 15/5/2014 on compensation, support and resettlement as land recovered by the state;
- Circular No.23/2014/TT-BTNMT, issued on 19/5/2014 and come into force on 5/7/2014, regarding regulations on certificates of land use rights, ownership of houses and other assets attached to land;
- Circular No.30/2014/TT-BTNMT, issued on 06/02/2014 and come into force on 17/07/2014, regarding provisions on records of land allocation or land lease, changing purpose of land use, and land acquisition;
- Circular of MONRE No.36/2014/TT-BTNMT dated on 30th June of 2014 on methods of land pricing, preparation and adjustment of land prices, detailed land pricing and land pricing consultation;
- Circular of MONRE No.37/2014/TT-BTNMT, issued on 30/6/2014 and come into force on 13/8/2014 on compensation, assistance and resettlement upon the State land recovery;
- Circular No.76/2014/TT-BTC, issued on 16/6/2014 and come into force on 1/8/2014, regarding directions of some articles of Decree 45/2014/NĐ-CP, dated 15/5/2014, on land use fees;
- Decision No.1956/2009/QD-TTg, dated November 17, 2009, by the Prime Minister approving the Master Plan on vocational training for rural labors by 2020.
- Decision No.52/2012/QD-TTg, dated November 16, 2012, on the support policies on employment and vocational training to farmers whose agricultural land has been recovered by the State.
- Other regulations or administrative decisions with bearing on specific resettlement plan including relevant decisions of Provincial People's Committees related to principles for compensation, assistance and resettlement in the event of land recovery by the State and PPCs' decisions on compensation unit prices for land and affected assets due to site clearance.

2.4. Gap Analysis

The recent legislation on resettlement of Vietnam tends to be more consistent with that of the World Bank, but there still exists some discrepancies required particular attention. The differences between the Government's Laws and Decrees and World Bank Policies with regard to resettlement and compensation, and how to address these gaps are shown in Table 1.

The Government of Vietnam has committed that, should the international agreements signed or acceded to by Vietnam with the World Bank contain provisions different from those in the present resettlement legal framework in Vietnam, the provisions of the international agreements with the World Bank shall prevail. This RPF confirms that in approving this instrument, the Government of Vietnam and the Province/City People's Committee, grant the waivers to the relevant articles in various Vietnamese laws that contradict or are not consistent with the objectives set forth in this RPF. The measures taken to address the differences and comply with World Bank involuntary resettlement policies are addressed under this RPF.

Table 1. Comparison of Vietnam's and World Bank's Policies related to Involuntary Resettlement

Subjects	Bank's OP 4.12	Government Policies of Vietnam	Project Measures
Land Property			
Policy objectives	*DPs should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher*	Resettlement site and its infrastructure should have equal or better development conditions than those in the existing one.	Livelihoods and income sources will be restored in real terms, at least, to the pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.
Support for affected households who have no recognizable legal right or claim to the land they are occupying	*Financial assistance to all project affected persons to achieve the policy objective (to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation,*	Financial assistance provided at different levels depending on the "legal" status of affected persons	Financial assistance of an agreed amount will be given to all DPs, regardless of their legal status, until their livelihoods and standards of living restore in real terms, at least, to pre-displacement levels.

Subjects	Bank's OP 4.12	Government Policies of Vietnam	Project Measures
	whichever is higher)		
Compensation for illegal structures	*Compensation at full cost for all structures regardless of legal status of the DP's land and structure.*	Provided to cover the new structural costs. Depending on the "illegality status" attributed, covering between 80% and 0% of the total costs	Compensation at full replacement cost will be given for all structures affected, regardless of legal status of the land and structure.
Compensation			
Methods for determining compensation rates	*Compensation for lost land and other assets should be paid at full replacement costs,*	Compensation for lost assets is calculated at price close to transferring the assets in local markets or the cost of newly-built structures. Provincial governments are granted to annually set up compensation prices for different categories of assets	Independent appraiser identifies replacement costs for all types of assets affected. Provincial government will use this assessment to establish the compensation rates at full replacement.
Compensation for loss of income sources or means of livelihood	*Loss of income sources should be compensated (whether or not the affected persons must move to another location)*	Assistance in respect of income loss is given only for registered businesses. For affected persons losing agricultural land, additional	All income losses are to be compensated and, where necessary to achieve the objectives of the policy, development assistance in addition to compensation will

Subjects	Bank's OP 4.12	Government Policies of Vietnam	Project Measures
		financial support will be provided.	be provided.
Compensation for indirect impact caused by land or structures taking	*It is good practice for the borrower to undertake a social assessment and implement measures to minimize and mitigate adverse economic and social impacts, particularly upon poor and vulnerable groups.*	Not addressed.	Socio-economic assessment has been undertaken and measures identified and being implemented to minimize and mitigate adverse impacts, particularly upon poor and vulnerable groups.
Livelihood restoration and assistance	*Provision of livelihood restoration and assistance to achieve the policy objectives.*	Livelihood restoration and assistance measures are provided. No follow-up for full livelihood restoration after resettlement completion.	Provision of livelihood restoration and assistance measures to achieve the policy objectives. These will be monitored as detailed in the RP
Consultation and disclosure	*Participation in planning and implementation, specially confirming the eligibility criteria for compensation and assistance, and access to Grievances Redress Mechanisms*	Limited mostly to information sharing and disclosure.	Consultation and participation incorporated into RP design, along with information sharing with DPs and stakeholders. Priority will be given to the participation of women in the consultation processes.
Grievance redress mechanism			

Subjects	Bank's OP 4.12	Government Policies of Vietnam	Project Measures
	Grievance redress mechanism should be independent	The same governmental body makes decisions on compensation and resettlement, and also handles grievances at the first step;	Independent Grievance and Redress mechanisms are to be established, built on the existing governmental system, with monitoring by an independent monitoring.
Monitoring & Evaluation			
	Internal and independent monitoring are required	There is no explicit requirements on monitoring, including both internal and independent (external) monitoring	Both internal and external (independent) monitoring is to be regularly maintained (on a monthly basis for internal and bi-annual basis for independent monitoring). An end of-project report will be done to confirm whether the objectives of OP 4.12 were achieved.

SECTION 3. RESETTLEMENT PRINCIPLES

3.1 General Principles

Based on the WB's OP 4.12 and Vietnamese Laws, the following principles would be applied in the RPF. Subproject developers would be required to ensure that these principles are fully complied with in preparation of subproject proposals which involve land acquisition and resettlement.

- Plans for acquisition of land and other assets and provision of rehabilitation measures will be carried out in consultation with the DPs (with particular attention to vulnerable DPs), to minimize the disturbance and shorten the resettlement transition period. The rehabilitation measures will be provided to the DP's prior to the expected start-up date of works in the respective project sites.
- Compensation for all residential, commercial, or other structures will be offered at the replacement cost, without any depreciation of the structure and without deduction for salvageable materials. Structures shall be evaluated individually. Any rates set by category of structure must use the highest value structure in that group (not the lowest).
- The DPs will be provided full assistance (including a transportation allowance) for transportation of personal belongings and assets, in addition to the compensation at replacement cost of their houses, lands, and other properties.
- The compensation rates will be determined based on the results of independent land/assets appraisal in a timely and consultative fashion. All fees and taxes on land and/or house transfers will be waived or otherwise included in a compensation package for land and structures/houses or businesses. The local authorities will ensure that DPs choosing relocation on their own obtain, without additional cost, the necessary property titles and official certificates commensurate with similar packages provided to those who choose to move to the project resettlement sites.
- Land will be compensated "land for land" or in cash according to the DP's choice whenever possible. The choice of land for land must be offered to those losing 20% or more of their productive land. If land is not available, the borrower must assure itself that this is indeed the case. Those losing 20% or more of their land will have to be assisted to restore their livelihood. The same principles apply for the poor and vulnerable people losing 10% or more of their productive landholding.
- DPs that prefer "land for land" will be provided with land plots with the equivalent productive capacity for lost lands or a combination of land (a standard land plot) in a new residential area nearby for residential land, and cash adjustment for the difference between their lost land and the land plots provided. The resettlement area will be planned properly and implemented in consultation with the DPs. All basic infrastructures, such as paved roads, sidewalks, drainage, water supply, and electricity and telephone lines, will be provided.
- DPs that prefer "cash for land" will be compensated in cash at the full replacement cost. These DPs will be assisted in rehabilitating their livelihoods and making their own

arrangements for relocation.

- If, by the end of the project, livelihoods have been shown not to be restored to pre-project levels, additional measures should be considered.
- Financial services (such as loans or credits) will be provided to DPs, if necessary. The installment amounts and the schedule of payments will be within the repayment capacity of DPs.
- Additional efforts, such as economic rehabilitation assistance, training and other forms of assistance, should be provided to DPs losing income sources, especially to vulnerable groups in order to enhance their future prospects toward livelihood restoration and improvement.
- The previous level of community services and resources, encountered prior to displacement, will be maintained or improved for resettlement areas.
- Contractors can only commence civil works after (i) the governmental competent agency has satisfactorily completed compensation payments and rehabilitation assistances in accordance to approved RP for that sub-project; (ii) already-compensated DPs have cleared the area in a timely manner; and (iii) the area is free from any encumbrances.

Temporary Resettlement

Relocation of any households more than once should be avoided, because it leads to DPs being impacted twice or more and will slow down the livelihood restoration time. If it must happen, these households should be considered for additional benefits as they have been impacted twice. If the implementing agency has verified that temporary resettlement is unavoidable for such reasons as the final resettlement is subject to the temporary resettlement (e.g., construction of the resettlement site will not take place until the DPs are temporarily relocated) and an implementation plan for the final resettlement is agreed by the DPs and approved by District People's Committee (DPC) or Provincial People's Committee (PPC) and the Bank, then an additional assistance package is offered.

3.2 Eligibility Criteria

The eligibility for obtaining entitlements to compensation is generally built upon three concepts relating to asset ownership as follows:

- Those who have formal legal rights to land (including customary and traditional rights recognized under the laws of the country) – in the instance, it is also useful to document how long they have been using the land or the assets associated with it;
- Those who do not have formal legal rights to land at the time the census begins but have a claim to such land or assets, provided that such claims are recognized under the laws of the country or become recognized through a process identified in the resettlement plan;
- Those who have no recognizable legal right or claim to the land they are occupying.

Persons covered under (i) and (ii) are provided compensation for the land they lose, and other assistance. Persons covered under (iii) are provided resettlement assistance in lieu of

compensation for the land they occupy, and other assistance, as necessary, to achieve the objectives set out in this policy, if they occupy the project area prior to a cut-off date established by the borrower and acceptable to the Bank. Persons who encroach on the area after the cut-off date are not entitled to compensation or any other form of resettlement assistance. All persons included in (i), (ii), or (iii) are provided compensation for loss of owned or used assets other than land.

Project affected people

People directly affected by a project through the loss of land, residences, other structures, business, assets, or access to resources, specifically are:

- Persons whose agricultural land will be affected (permanently or temporarily) by the Project;
- Persons whose residential land/houses will be affected (permanently or temporarily) by the Project;
- Persons whose leased-houses will be affected (permanently or temporarily) by the Project;
- Persons whose businesses, occupations. or places of work will be affected (permanently or temporarily) by the Project;
- Persons whose crops (annual and perennial)/ trees will be affected in part or in total by the Project;
- Persons whose other assets or access to those assets, will be affected in part or in total by the Project; and
- Persons whose livelihoods will be impacted (permanently or temporarily) due to restriction of access to protected areas by the Project.

Identification of vulnerable groups or Households (HHs)

Vulnerable groups include those distinct groups of people who might suffer disproportionately or face the risk of being marginalized by the effects of resettlement, and specifically include:

- Poor and very poor household as identified by regulations of Government of Vietnam;
- Ethnic Minority Household;
- Household covered in Decree 47/2014/ND-CP of May 15th, 2014 of the Government regulating on compensation, support and resettlement upon land expropriation by the State and decision No. 64/2014/QD-TTg of November 18th, 2014 on specific policies on relocation and resettlement of people in areas under irrigation and hydropower projects.

Eligible affected households after the cut-off-date

Those households splitting from the large families after the cut-off-date who meet the following conditions will be eligible for resettlement benefits as stand-alone households and are recognized as DPs:

- Households splitting from a family with minimum of two couples and having minimum

of six persons; and

- Endorsement by the District authority, with verification of commune's People's Committee, the household has split.
- Newly born children, spouses of persons named in the household registration books, people who have completed military service, and people who have just returned from schools to live with the affected households prior to the cut-off date will be entitled to the compensation and support measures outlined in this document.

3.3 Policies of Compensation

3.3.1 Compensation Policies for Loss of Houses/Structures

Policy for loss of Houses

Compensation or assistance in cash will be made for all affected private-owned houses/structures, at 100% of the replacement costs for materials and labor, regardless of whether or not they have title to the affected land or a construction permit for the affected structure. The compensation will be sufficient to rebuild the affected house/structure of the same quality. As per OP 4.12 cash compensation will be at full replacement cost in local markets. No deductions will be made for depreciation or salvageable materials.

If the house/structure is partially affected, a financial assistance will be provided to enable DPs to repair the affected house/structures to restore it to the former condition, or better, at no additional cost to them.

Policy for loss of Graves

Compensation for the removal of graves/ tombs will include the cost of excavation, relocation, reburial and other related costs which are necessary to satisfy customary requirements. Compensation in cash will be paid to each affected family or to the affected group as a whole as is determined through a process of consultation with the affected community. The level of compensation will be decided in consultation with the affected families/communities. Household and individual graves are considered physical cultural resources (PCR) and even though the costs associated with their relocation may be covered in the resettlement plan, the WB OP 4.11 on Physical Cultural Resources should be triggered and relevant cross references should be made to the Environmental Management Plan or project implementation manual.

Tenants

The tenants of state or organization's houses will be: (i) entitled to rent or buy a new apartment of the area at least equal to their affected one if affected people have a demand for; or (ii) provided an assistance equal 60% of replacement cost of the affected land and houses. The structure created by the DPs themselves will be compensated at their full replacement costs.

The tenants who are leasing a private house for living purposes will be provided with transportation allowance for moving assets, as well as will be assisted in identifying alternative accommodation.

3.3.2 Compensation Policies for Loss of Agricultural Land

Land Users without formal or customary recognized rights to the affected land

Instead of compensation, these DPs will receive rehabilitation assistance up to 100% of the land value in cash. DPs will be entitled to rehabilitation measures mentioned above to ensure their living standards are restored.

In case the land is rented through civil contract between individuals, households, or organizations, then the compensation for crops, trees, or aquaculture products will be paid to the affected land users and the project client shall assist the renter to find similar land to rent.

In cases when DPs utilize public land (or protected areas), with an obligation to return the land to the Government when requested, the DPs will not be compensated for the loss of use of the land. However, these DPs will be compensated for crops, trees, structures and other assets they own or use, at full replacement cost. Although they cannot reside in such public VSUEE Project: Resettlement Policy Framework safety-hazard areas, if access has not been denied previously through well-documented signs and such things as fences, the social and baseline assessment should consider if such a physical impediment (like a newly restricted public safety area) is causing loss of livelihood due to people no longer being able to get to jobs and other assets associated with their subsistence as a result of restricted safety zone definition, which may for example add significant cost to traveling from home to business, schools, etc.

Legal and Legalized Land Users

If the lost area represents less than 20% of a Household's (HH's) land holding (or less than 10% for poor and vulnerable groups), and the remaining area is economically viable, compensation in cash will be at 100% replacement cost for the lost area.

If the lost area represents 20% or more of the HHs' land holding, (or 10% or more for the poor and vulnerable groups) or the remaining area is economically not viable, then "land for land" compensation should be considered as the preferred option.

- If no land is available, then IEs must demonstrate this to the World Bank's satisfaction before proceeding.
- If land is not available, or if the DP prefers cash compensation, then cash compensation will be provided for the lost area at 100% of land replacement cost, and the DP will be provided with rehabilitation measures to restore the lost income sources, such as agricultural extension, job training, credit access, provision of non-agricultural land at a location appropriate for running off farm business or services.
- If the DPs wish, and there is land of similar value elsewhere, the project should also assist these DPs to visit these areas and help with legal transactions should they wish to acquire them.
- For agricultural land lying intermixed with residential areas, and garden and pond land lying adjacent to residential areas, apart from compensation at the price of agricultural land having the same use purpose, monetary support shall also be provided; with the prices for such support being equal to between 50% and 70% of the prices of adjacent residential land; and with the specific support levels being decided by the Provincial

People's Committees (PPC) to suit local conditions.

Land Users without formal or customary recognized rights to the affected land

Cash compensation at the amount corresponding to the remaining investment put on the land or corresponding to the remaining value of the land rental contract, if it exists.

For DPs currently using land assigned by State-owned agricultural or forestry farms on a contractual basis for agricultural, forestry, or aquaculture purposes (excluding land under special use forests and protected forests), compensation shall be provided for investments made on the land, but not for the land itself, and these DPs may also receive additional support according to the following provisions:

- Additional monetary support shall be provided for DPs that receive land on a contractual basis and are public employees or workers of State-owned agricultural or forestry farms, or who are former employees of such farms and who are now receiving an allowance related to their former employment. The highest level of additional monetary support shall be equal to the price of land to be compensated, calculated on the basis of the value of the affected land area which shall, however, not exceed the local agricultural land assignment limits. The PPC shall decide on the specific support levels to suit the local conditions but the additional monetary support shall not be less than 70% of the compensation value for the land actually acquired.
- Where DPs receive land on a contractual basis but are other than the individuals specified at (a) above, they shall only receive compensation for investments made on the land.

3.3.3 Compensation for Loss of Residential Land

Loss of residential land without associated structures

Compensation for loss of land in cash at replacement cost to legal and/or “localizable” land users. For land users who have no recognizable land use right, financial assistance of an agreed amount will be provided. The amount will be determined by the respective Provincial People’s Committee.

Loss of residential land with associated structures and the remaining land is sufficient to rebuild the structure (reorganizing DP)

Compensation for loss of land will be made in cash at (i) full replacement cost for legal and legalized land users; (ii) Financial assistance of an agreed amount will be provided to land users who do not have recognizable land use rights. If DPs have to rebuild their houses, they will be provided with a rental allowance for a period of 3 months while their houses are being rebuilt.

Loss of residential land with associated structures and the remaining land is insufficient to rebuild the structure (relocating DP)

Other than specific provisions listed below, in case where relocated DPs belong to vulnerable groups, the project will consider providing them with additional assistance (in cash and kind) to ensure that they can afford to relocated to a new site.

For DPs who have legal or legalized rights to the affected land:

- A land plot of equivalent size and quality, in a well-developed resettlement site. Where land is not available, an apartment will be provided to the DP. The will be done in consultation with the DP. Full ownership title to the land or apartment will be given at no cost to the DP.

OR,

- On request of and with full consultation with the DP, cash compensation at full replacement cost, plus the amount equivalent to the value of the infrastructure investments calculated as an average for each household in a resettlement site. In this case, the household will be expected to relocate themselves.

In the event that the compensation (or assistance) amount accounts less than the cost of a land plot in the project's resettlement site, DPs will be supported with the difference required for the acquisition of the land plot. If a land plot in the project resettlement site is not the chosen DP's option, cash assistance will be provided equivalent to difference required to acquire a chosen land plot.

DPs who do not have formal or customary rights to the affected land:

- Financial assistance of an amount to be determined by provincial People's Committee will be given.
- If the DP has no place to move, a land plot or an apartment satisfactory to them will be provided in the resettlement site.

In case the relocated DPs belong to poor or vulnerable groups or households, additional assistance (in cash and kind) will be provided to ensure that they are able to fully relocate to a new site.

3.3.4 Compensation Policy for Loss of Standing Crops and Trees

For annual and perennial standing crops, regardless of the legal status of the land, compensation will be paid to the affected persons, who cultivate the land, according to the full market value of the affected crops and/or at replacement cost for affected perennial trees. Regarding the removable affected trees, the compensation will be equal the transportation cost plus actual loss. Perennial crops will be compensated for at the calculated value of their life time productivity.

3.3.5 Damages to Private or Public Structures

Damaged property by contractor will be restored by contractors immediately at full replacement value, after completion of civil works, to its former condition. Under their contract specifications, the contractors will be required to take extreme care to avoid damaging property during their construction activities. Where damages do occur, the contractor will be required to pay compensation immediately to affected families, groups, communities, or government agencies at the same compensation rates that are applied to all other assets affected by the Project.

Compensation for loss of community assets such as schools, bridges, factories, water sources, roads, sewage systems is damaged, the project will ensure that these will be restored or repaired at no cost for the community and to the community's satisfaction.

3.3.6 Compensation Policy for Loss of Income and/or Business/Productive Assets

For DPs losing income and/or business/productive assets as a result of land acquisition, the mechanism for compensating will be:

- The registered non-farm producer/business DPs, who have income-generating and/or business/productive assets affected, will be given cash business assistance for the loss of business income, equivalent to 50% of the annual average for the last 3 years net income. (This amount is equivalent to 100% of monthly net income for 6 months).
- The non-registered business or non-farm producer DPs, whose operations are recognized by local authority and who have income and/or business/productive assets affected, will be given assistance in cash for the income losses for three months at the minimum.
- If the business has to be relocated, then, a priority to provide a replacement business site accessible to customers, or, compensation in cash for the affected area at a replacement cost, plus transportation allowance to remove movable attached assets. If there is no land available, then the business/non-farm producer DPs will be entitled for rehabilitation measures such as job training, credit access to help restore the income sources.

3.3.7 Compensation Policy for Temporary Impact during Construction

In the event of temporary impact during construction, DPs are entitled to the following:

- Compensation for all affected assets/investments made on the land, including trees, crops etc., at full replacement cost;
- Cash compensation for land temporarily acquired in the form of rent which is at least equivalent to the net income that would have been derived from the affected property during the period of disruption.

3.3.8 Secondary DPs

This applies to those affected by development of individual resettlement or group resettlement sites. Because all secondary DPs are likely to be affected in similar ways as primary ones, they will be entitled to compensation and rehabilitation assistance in accordance with the same respective provisions for all other DPs.

3.3.9 Allowances and Rehabilitation Assistance

Compensation may be sufficient to allow displaced persons to restore incomes if paid at replacement cost, assuming that replacement assets are available. Often, however, resettlement may require displaced persons to obtain new skills required for resuming production in a new environment, or to pursue new sources of income. The RP should assess the significance of impacts to be imposed on displaced persons, and provide measures to assist those significantly affected in adapting to new livelihood challenges. Measures may include training, extension services, or employment, along with responsibility for providing them. Training activities should be followed by non-temporary employment opportunities. These measures should be specified in the RP.

SECTION 4: PREPARATION AND CLEARANCE OF RESETTLEMENT PLAN DURING THE PROJECT IMPLMENTATION

During subproject preparation, the developers would, based on the land acquisition requirements, carry out preliminary screening to identify the types and extent of impacts. Once it is determined that land acquisition, impacts up to or more than 10% of productive assets or any associated impacts is essential to complete any project activities, resettlement planning should begin. The scope and level of detail of the resettlement plan vary with the magnitude and complexity of resettlement.

The overall responsibility for preparation and implementation of any necessary RPs rests with sponsors of individual subprojects. The subproject owner will carry out, or cause to be carried out, a census survey to identify and enumerate all displaced persons, and a socioeconomic survey to determine the range and scope of adverse impacts in the affected area. The census survey must cover 100% of the persons to be displaced; the socioeconomic survey may be undertaken on a sample basis.

Based on accurate baseline census survey and social economic survey, the RP (full resettlement plan or abbreviated resettlement plan) will be prepared in accordance with the policy principles and planning and implementation arrangements set forth in this RPF (see Annex 1 for guidance of full and abbreviated RP preparation), and established appropriate mitigation measures as appropriate for all categories of adverse impacts. Each RP will include, among others: description of the subproject; census and baseline socioeconomic characteristics of the DPs; details of impacts on assets, livelihood and incomes; eligibility; valuation and compensation for losses; suggested mitigation measures; site selection, site preparation and relocation, where necessary; income rehabilitation measures; Grievance Redress mechanism; implementation schedule; and estimated resettlement cost.

Draft version of RPs will be prepared by IEs and reviewed by PFIs, PMBs and be submitted to the World Bank for review and clearance before the subproject appraisal. Activities described under the RPs will only be implemented after the World Bank has found acceptable the respective resettlement instruments and the governmental competent agencies have approved it. The compensation, resettlement and rehabilitation activities will be completed before awarding the contracts of civil works under each sub-project. All resettlement plans are subject to public consultation and must be disclosed per requirement in The World Bank's policy.

SECTION 5: CONSULTATION, PARTICIPATION AND DISCLOSURE

Public consultation and information disclosure of the environmental impact assessment report and the environmental management plan of the subprojects under the VSUEE project will be implemented during project preparation. Consultation with individuals and households directly or indirectly affected by the project activities, local authorities, central and local government agencies and related organizations will be implemented at the subproject level.

During the preparation of the RPF, a consultation workshop was held on 29 May 2018. One week prior to the workshop, invitations and draft RPF were sent to stakeholders including representatives from the Ministry of Industry and Trade, Non-governmental organizations (Pan Nature), State Bank of Vietnam, MONRE, PVN, EVN, Vietnam Steel corporation and potential PFI participants.

Public consultation took place at the meeting room of MOIT at No.54 Hai Ba Trung street, Hanoi, Vietnam. Participation included PMU staffs, representatives from the Ministry of Industry and Trade, local consultants, Non-governmental organizations, State Bank of Vietnam, MONRE, PVN, and potential PFI participants

The consultation workshop aims to introduce the safety police frame of ESMF, RPF, EMPF and to identify the potential social and environmental impacts of the project, and on that basis, inform the design/intervention strategy as well as develop appropriate safety tools. The draft RPF is sent to the relevant Ministries in the project area for additional comments before finalization. The almost participants expressed the agreement with the RPF however, there are some comments and concerns were presented during the workshop and reflected in the RPF.

The results of the consultation workshop focused on the following points:

Comments	***Feedback of PMU and Consultant***
• The framework should be built so that commercial banks can easily access to implement because PFIs' staffs only have financial and banking skills, they could not understand and fully grasp the procedures and regulations stated in the framework. • The contents of this framework should also be detailed in the Operational Manual (OM) for environmental engineering conditions with a detailed guideline provided for the project appraisal staffs of commercial banks. • The current regulations of Vietnam are very much and international regulations are more and more complex. Resulting in a difficulty for the IEs to meet normal standards in accordance with both laws. This leads to many restrictions on access to capital and	• Consultancy will consider the comments to specify criteria in the policy framework. • The policy framework and guidance will be adjusted so that easily access to conduct in fact. • In the project OM, the types of projects will be stated in accordance with both Vietnam and the World Bank regulations. • Regarding the request for assistance to negotiate with the World Bank, PMB found that this GCF project has very favorable support and not much content for negotiating interest rates. • On the criteria for guarantee payment, this issue is not yet decided; it will be

Comments	*Feedback of PMU and Consultant*
reduced competitiveness. Therefore, it is suggested that in the process of developing the project and negotiating with the World Bank, the project management board of the MoIT should discuss this matter in order to harmonize the benefits between the disbursement unit and the borrowing unit. • Clarify the rules and procedures when a default occurs. In this case, what is the standard for being guaranteed with loans? PFIs are also expected to reduce interest rates, to offset the costs. • Regarding the screening of projects, do the new construction projects or upgrading projects must comply with the regulations of Vietnam or WB? • In the technical assistance component, the community capacity building should be provided to enable the community to understand the extent of their participation at any stage of the project. • And in the case of a project rehabilitation that requires staff's skill improvement, the cost of upgrading that skill will be included the borrowing capital of the project or other source? • If the project is of a type that has a major impact on the environment, when it is upgraded or renovated, would it be also a large impacted project or not?	exchanged and clarified with the World Bank. • The VSUEE project is leveraging the attractiveness of the VEEIE project and the Interest rate is still in the negotiation process to find a solution for interest rates. The World Bank is also considering a mechanism to reduce the risk for commercial banks when the exchange rate changes. • Regarding the screening of projects, the new construction project or renovation must comply with the regulations of Vietnam. If the upgrading and rehabilitation projects are implemented within the project site, it would be the WB policy frameworks such as OP 4.12 and OP 4.10 are not required. • The technology transfer, capacity building will depend on specific case that is identified within each project or from the investor's capital. Technical assistance will be provided as a part of the subproject depends on negotiation in the contract of equipment purchase. • If the project is upgraded or renovated to make the environment is better, environmental rehabilitation and restoration, the project owner will not have to re-conduct EIA, only the environmental protection plan is needed. If a large-scale renovation project can increase capacity and the project has been implemented for too long, it may still be necessary to redo the EIA.
• After 6 months - 1 year, when subproject inspections were conducted, the subproject did not meet the standards set by the WB, would the subproject be excluded from this VSUEE project? In this case, there will be damage to both customers and banks, the bank cannot withdraw the loan amount and guarantee fees that the bank has spent. In this	• To reduce damages as mentioned from the guaranteed projects, PFIs are required to strengthen their responsibility for the verification and supervision throughout the project implementation process. • Such as the problem arises would be found out in early stage and then both

Comments	*Feedback of PMU and Consultant*
case, please clarify and consider which mechanism to overcome or compensate for damage in this case for the PFIs.	the bank and the borrowing IEs will have to agree on a corrective plan. • World Bank and PMU will give time for PFI and IEs to remedy. If after a period of time that no remedial action has been taken or if no corrective action has been taken, the funding side must take action. • In fact, the risks will fall into the banks more than the business. That involves banking constraints on the responsibility of reviewing and evaluating projects to make loan decisions.
• The State Bank of Vietnam has cooperated with IFC has issued a risk assessment manual for socio-economic development in 10 sectors in Vietnam according to Vietnam standards and EHS standards. Moreover, The State Bank of Vietnam also training for commercial banks, including the energy sector. The consultant should refer to this manual for the policy framework. • In fact, it is difficult for most credit officers of commercial banks to have technical knowledge. While these policy frameworks are highly technical, particularly in the screening phase with implementers such IEs and PFIs resulting difficult for the project appraisal process. The consultants and PMUs should take note during the drafting of policy frameworks so that IEs and PFIs are easier to access and use the frameworks. • Also consider training the appraisers so that they can use and apply this policy framework for subsequent screening and appraisal of subprojects. • The application of the policy framework would affect the competitiveness of the bank, with too many strict criteria on socio-economic development of the policy framework must meet. So please clarify, which of Vietnam's or World Bank's regulations that IEs will follow. When compliance with Vietnam regulations, it has	• The consultant and the project team will receive comments from the State Bank of Vietnam and will approach the issued manual for further reference. • Projects implemented in Vietnam must comply with the regulations of Vietnam first. The GAP analysis will be specified and then requirements for additional actions or solutions as stated in this policy framework depending on the project. • The competitiveness, depending on the choice of the borrower, for the loan project of the World Bank, costs for safety policy of Environment and society will be much higher but more safety, less risky for the subprojects.

Comments	*Feedback of PMU and Consultant*
met the regulations of World Bank policy framework?	
• Please provide specific kinds to identify subprojects in Group A, Group B or Group C in the policy framework. • • Public consultation will be conducted for these sub-projects during the EIA process; however, while compiling with the policy framework, there are some uncertainties with requirements for public consultation. These should be specified in the policy framework. • Consultancy to refer to project classification in the law on public investment in which projects are classified into group A, B or C.	• For the screening content, this section should be carefully considered to identify kinds of A, B or C under the framework of the World Bank. • Can refer to the OP 4.01 WB in the appendix, consultants will absorb and will clarify, quantify in the policy framework. • The consultant will consider the project classification in the Public Investment Law. However, the classification of the project will still be under the guidance of the World Bank and the Vietnam Laws and Regulations. If it is required to more clearly, the consultant will add to the framework for project clarification as stipulated by Vietnamese and WB regulations.
• About the policy framework, it is not clear whether new policy frameworks, or any legislation how to update to these frameworks.	• The updating of the documents is possible because in these frameworks of the environment, social, resettlement and ethnic minorities are conformed to the prevailing legal documents Vietnam and WB.

The Vietnamese version of the RPF was published at the Ministry of Industry and Trade's office on 23 May before the consultation workshop. The final Vietnamese version was published at the Ministry of Industry and Trade website and VEEIE Project website on October 23, 2020 and the English version will be published at the bank's information counter before sending it to appraisal committee.

SECTION 6: IMPLEMENTATION ARRANGEMENTS

6.1 Institutional Arrangement

Institutional participation in preparing and implementing the RPF and RPs is arranged as follows:

Institution	Responsibility
PFIs (Participating Financial Institutions)/WB	• Receive of technical proposals together with necessary endorsements from the provincial authorities and other institutions; • Carry out due diligence of the subprojects to ensure that the project developers (investors) have conducted necessary studies and prepared the documents in accordance with the provisions of the RPF; • Carry out necessary monitoring of subproject implementation
Program Implementing Entity (PIE)	• To be appointed by the MoIT to manage the Risk Sharing Facility (such as a bank or existing guarantee agency); • Review and evaluate guarantee applications; • Underwrite and issue guarantees; • Adjust guarantee terms based on market feedback, within pre-approved limits; • Actively monitor and manage risk exposures and capital adequacy; • Verify guarantee calls and making payments to PFIs; • Coordinate with PFIs; and as necessary, relevant government agencies on loss recovery efforts; • Participate in marketing efforts for the Facility; • Facilitate required TA and capacity building activities.
Project Management Board (PMB) of MOIT	• Initiate and manage all other Technical Assistance activities under VSUEE; • Manage all relevant contracts, capacity building at commercial banks and developers; • Assist the project implementation process by creating a pool of qualified consultants to support safeguard document preparation and subproject supervision; • Overall manage VSUEE including management of the verification process for the projects; monitor implementation progress and take corrective measures where needed; obtain required approvals from MOIT, the World Bank and MOF; and report to MOIT and the World Bank.

Institution	Responsibility
Industrial Enterprise (IEs)	• Prepare RPs in accordance with the RPF. Coordinate with the provincial People's Committees and local authorities to obtain consensus from provincial People's Committee for the RPs and submit them to the WB for review and clearance. • Develop and implement a training program for the provincial and district People's Committee's, relevant stakeholders involved in RP implementation and Grievance Redress. • Where relevant, provide technical support (e.g. consultation mobilization) in identifying the replacement cost to inform compensation rate during the RP implementation. • Secure timely availability of required budget for RP preparation and implementation; • Conduct internal monitoring of RP implementation as per requirements set out in the project's RPF and the RPs. • Prepare bi-annual progress reports and submit to PFIs and PMB and WB. • Designate staff with solid experience in resettlement and familiar with Bank's safeguard policies as a social focal point for PFIs. • Take part in compensation, support and resettlement council at local level and ensure that the agreed RPs are properly implemented, documented and reported. • Work closely with competent governmental agencies to address concern, grievances related to resettlement in their managed subprojects.
Commune People's Committees	• To organize propaganda on the land recovery purposes, compensation, support and resettlement polices of the projects; • To coordinate with the compensation, support and resettlement councils in certifying land and property of persons who have land recovered; • To join in, and create conditions for, the payment of compensation and support money to, and arrange resettlement for, persons who have land recovered, and create conditions for the ground clearance.

Institution	Responsibility
Provincial People's Committees	• To direct, organize, propagate and mobilize all organizations and individuals concerning compensation, support and resettlement policies and ground clearance according to the land recovery decisions of competent State bodies; • On the bases of Vietnam regulation and principles established in this RPF, to direct the provincial/municipal services, departments, branches and district-level People's Committees: (i) To draw up resettlement and resettlement area plans in service of the land recovery; (ii) To draw up compensation, support and resettlement plans according to their competence; • To approve or assign the district-level People's Committees to approve compensation, support and resettlement plans which shall be consistent with the principles established in this RPF; • To be consistent with the principles established in this RPF, to approve land prices; promulgate the property price tables for compensation calculation; prescribe support levels and supporting measures according to their competence; resettlement arrangement plans, job change training plans according to their assigned competence; • To direct the concerned agencies to settle citizens' complaints, denunciations related to compensation, support and resettlement according to their law-prescribed competence; • To guarantee impartiality and equity when considering and deciding on the compensation, support and resettlement when land is recovered by the State according to their competence prescribed in this RPF as well as in relevant regulations of Vietnam; • To decide or assign the district-level People's Committees to apply coercion to cases of deliberately failing to abide by the State's land recovery decisions according to their competence; • To direct the examination and handling of violations in the compensation, support and resettlement domain.
The District People's Committees	• To direct, organize, propagate and mobilize all organizations and individuals concerning compensation, support and resettlement policies and ground clearance according to the land recovery decisions of competent State bodies; • To direct the compensation, support and resettlement councils of the same level to draw up, and organize the implementation of, the compensation, support and resettlement plans; approve the compensation, support and resettlement plans according to the responsibility assignment by the provincial-level People's

Institution	Responsibility
	Committees; • To coordinate with the provincial/municipal services, departments and branches, organizations and investors in executing investments projects to build and plans to create resettlement areas in their localities according to the assignment of the provincial-level People's Committees; • To settle citizens' complaints, denunciations related to compensation, support and resettlement according to their assigned competence; issue coercive decisions and organizing coercion in the cases falling under their competence; coordinate with the functional agencies in organizing coercion according to the decisions of competent bodies.
The compensation, support and resettlement councils	• Assist the People's Committees of the same level in making, and organizing the implementation of compensation, support and resettlement arrangement plans; work on the collective principle and decide by majority; where the numbers of votes for and against are equal, the opinion of the side joined by the council chairman shall be followed. Responsibilities of council members are as follow: • The council chairman shall direct the council members to make, submit for approval and organize the implementation of, the compensation, support and resettlement plan; • The investor shall be responsible for assisting the council chairman in making the compensation, support and resettlement plan, ensuring sufficient funds for timely payment of compensation, support and resettlement money; • Representatives of persons who have land recovered shall be responsible for reflecting the aspirations of persons who have land recovered, persons who must be relocated; mobilizing persons who have land recovered to move and clear the ground according to schedule • Other members shall perform the tasks as assigned and directed by the council chairman, suitable to their respective branches. • The compensation, support and resettlement councils shall be responsible for the accuracy and rationality of inventory statistics, the legality of land and property eligible or ineligible for compensation, supports in the compensation, support and resettlement

Institution	Responsibility
Center for Land Fund Development	• To assume the prime responsibility for, or coordinate the with the compensation and ground clearance council in, organizing compensation and ground clearance; • To work and coordinate closely with project's stakeholders to update and implement RP as per project's RPF. • To provide compensation and ground clearance services; • To develop resettlement areas; • To build infrastructure on land funds assigned to it for management in order to organize auction; • To provide information on land prices and land funds to organizations and individuals upon request; • To assist the District People's Committee and Provincial People's Committee in disseminating information related to Resettlement Plan. • To assist the District People's Committee in handling complaints at district level. • To perform other tasks under decisions of the provincial-level People's Committee.

SECTION 7. GRIEVANCES REDRESS MECHANISM

RPs will establish means for displaced persons to bring complaints to the attention of relevant project authorities. Grievance procedures should include reasonable performance standards, e.g., time required to respond to complaints, and should be provided without charge to displaced persons. The RP should also state other avenues available to aggrieved persons if the project-related procedures fail to resolve complaints. Following mechanism could be considered.

The PO shall establish a complaints and grievances mechanism to receive and resolve the resettlement issues of project-affected communities/person. The mechanism shall be based on principles as (i) proportionality; (ii) accessibility; (iii) transparency; and (iv) cultural appropriateness as follows.

Proportionality means scaling the mechanism to the project needs. In a project with low potential adverse impacts, simple and direct mechanisms for problem solving is preferred for addressing and resolving complaints such as public meetings, telephone hotline, existing media, brochures, and a community liaison officer;

Accessibility means establishing a mechanism which is clear, free of charge and easy to access for all segments of the affected communities and other potential stakeholders. The best way of achieving this is to localize the point of contact. This is valid both for the owner and its construction contractor. Related to that, staff with the appropriate skills, training and familiarity with community liaison work should be employed in the field as quickly as possible. Accessibility enables owner to build more constructive relationships with local communities. This will also help intervene quickly in any dispute or environmental issues and in an appropriate manner because maintaining a regular presence of a familiar face in the field greatly helps engendering trust and thus, constructive and closer relations;

Transparency means that members of the affected communities know who is responsible for handling the complaints and communicating the outcomes of corrective actions to be taken about the complaints. This will be helpful in that people have confidence in the grievance mechanism to be used both by project owner and the construction contractor;

Culturally appropriateness means having cultural sensitiveness while designing and executing the grievance mechanism.

To implement these principles, the PO will be accessible to its stakeholders and should respond to their complaints in the shortest possible time. The critical issue for responding to complaints is to ensure that all received complaints are recorded; relevant division of the PMB is responsive to complaints; and that corrective actions are mutually acceptable. Thus, responses to complaints will be satisfactory for both parties, actions are followed up, and the complainants will be informed about the outcomes of the corrective actions (see Figure 1).

In case, there is no agreement between the parties and the project affected communities/person, complaints and grievances shall be submitted to state justice system with responsibilities as follows.

VSUEE level - At Commune People's Committee (CPC)

An aggrieved affected household may bring his/her complaint before the receiving department of a Commune People's Committee to be received and guided for necessary procedures. The CPC will meet personally with the aggrieved affected household and will have 5 days following the lodging of the complaint to resolve it (Note: in remote and mountainous areas, the complaint should be resolved within 15 days. The CPC secretariat is responsible for documenting and keeping file of all complaints that it handles. Upon issuance of decision of CPC, the complainants can make an appeal within 30 days. If the second decision has been issued and the household is still not satisfied with the decision, the household can elevate his/her complaint to the DPC.

Second level - At District People's Committee (DPC)

Upon receipt of a complaint from a household, the DPC will have 15 days (or 45 days in remote and mountainous areas) following the lodging of the complaint to resolve the case. The DPC is responsible for documenting and keeping file of all complaints that it handles. Upon issuance of decision of DPC, the complainants can make an appeal within 30 days. If the second decision has been issued and the household is still not satisfied with the decision, the household can elevate his/her complaint to the PPC.

Third level - At Provincial People's Committee (PPC)

Upon receipt of complaint from the household, the PPC will have 30 days (or 45 days in remote and mountainous areas) following the lodging of the complaint to resolve the case. The PPC is responsible for documenting and keeping file of all complaints. Upon issuance of decision of PPC, the household can make an appeal within 45 days. If the second decision has been issued and the household is still not satisfied with the decision, the household can elevate his/her complaint to the court within 45 days.

Final level - Court of Law Decides

Should the complainant file his/her case to the court and the court rule in favor of the complainant, then provincial government agency will have to increase the compensation at a level to be decided by the court. In case the court will rule in favor of PPC, the complainant will have to receive compensation as described in the approved compensation plan and comply with all requirements of land clearance.

To assure that the mechanism described above is pragmatic and acceptable to affected communities/persons, consultations with local authorities and affected communities about this mechanism is in need, particularly consultations with vulnerable groups.

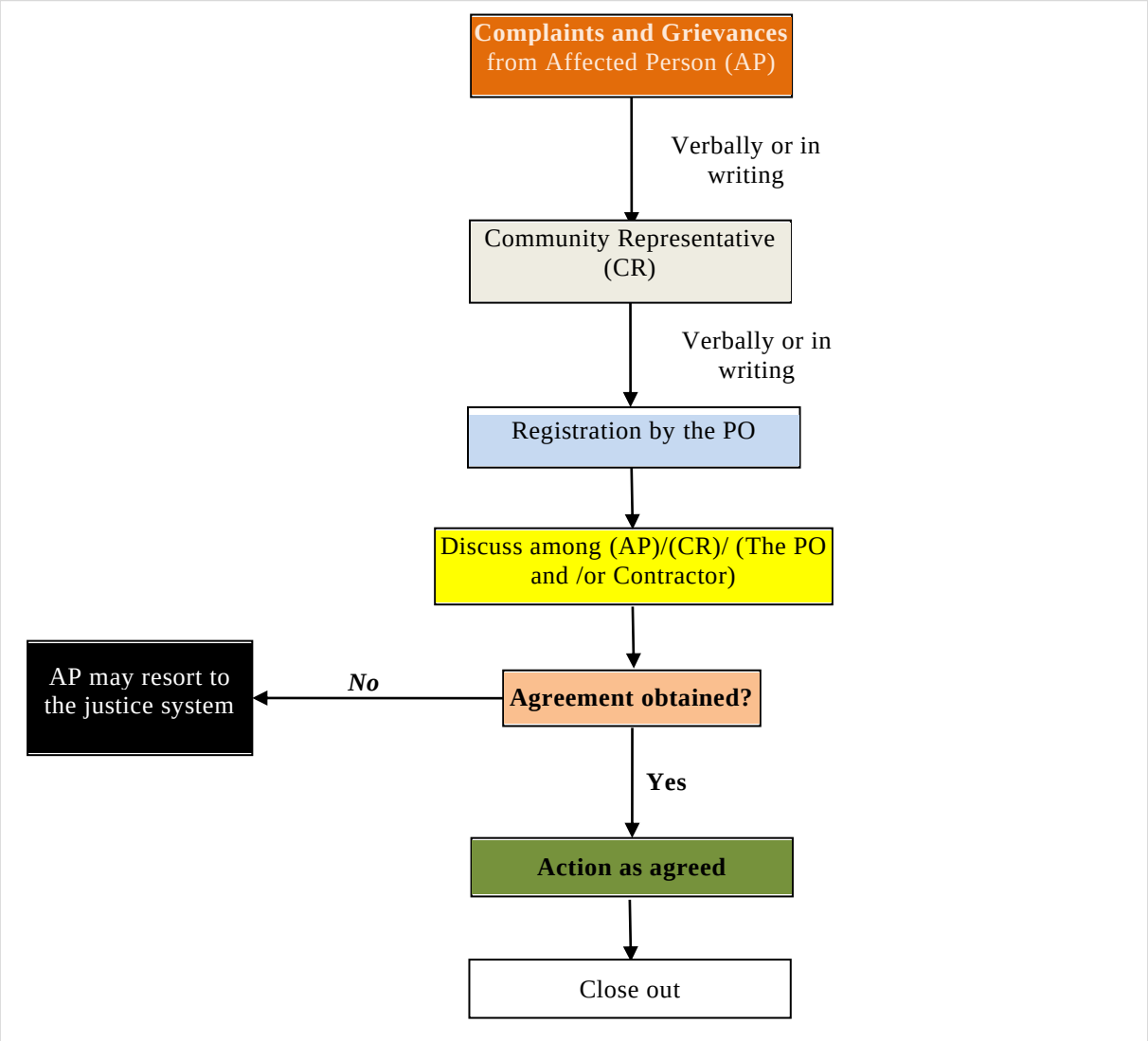


Figure 1. Basic Complaints and Grievances Mechanism of the Project

SECTION 8. SUPERVISION, MONITORING AND EVALUATION

In addition to internal project monitoring arrangements, the project owner will ensure that RP implementation will be monitored by a qualified agency independent of project implementing agencies. The RP should establish the scope and frequency of monitoring activities. External monitoring reports will be prepared for simultaneous submission to the project office and the World Bank.

A Resettlement Plan cannot be considered complete until a completion audit or survey confirms that all entitlements have been received by beneficiaries and livelihood restoration is progressing on schedule. If possible, the (internal/external) monitoring activities of RPs could be considered to be combined with similar action under Ethnic Minority Development Plan of the same subproject.

SECTION 9. RESETTLEMENT COST AND BUDGET

All costs associated with land acquisition and resettlement planning and implementation, including the cost of field investigations; surveys and documentation; consultation and participation; addressing grievances and complaints; monitoring and supervision; and coordination with the local authorities in regard to resettlement implementation would be covered by subproject developers. The estimated cost breakdown would be included in the resettlement plans and will be included towards the cost of the subproject. The implement cost estimates will make adequate provisions for consultancy services for implementation organization, design and inspection works, construction works and contingencies for resettlement area. This total project implementation cost will be included towards the cost of the subproject. In the case of cost overruns due to unforeseen circumstances or delays, the subproject developers will allocate additional funds as may be necessary.

Funds for the management, administration, monitoring and evaluation of results of resettlement compensation for local authorities are taken from the reciprocal capital of the central budget.

ANNEX 1 – Guidance for Preparation of a Resettlement Plan

FULL RESETTLEMENT PLAN

The scope and level of detail of the resettlement plan vary with the magnitude and complexity of resettlement. The plan is based on up-to-date and reliable information about (a) the proposed resettlement and its impacts on the displaced persons and other adversely affected groups, and (b) the legal issues involved in resettlement. The resettlement plan covers the elements below, as relevant. When any element is not relevant to project circumstances, it should be noted in the resettlement plan.

Description of the project

General description of the project and identification of the project area.

Potential impacts

Identification of

(a) the project component or activities that give rise to resettlement;

(b) the zone of impact of such component or activities;

(c) the alternatives considered to avoid or minimize resettlement; and

(d) the mechanisms established to minimize resettlement, to the extent possible, during project implementation.

Objectives

To address the main objectives of the resettlement program.

Socio-economic studies

The findings of socioeconomic studies to be conducted in the early stages of project preparation and with the involvement of potentially displaced people, including

(e) the results of a census survey covering

b. current occupants of the affected area to establish a basis for the design of the resettlement program and to exclude subsequent inflows of people from eligibility for compensation and resettlement assistance;

c. standard characteristics of displaced households, including a description of production systems, labor, and household organization; and baseline information on livelihoods (including, as relevant, production levels and income derived from both formal and informal economic activities) and standards of living (including health status) of the displaced population;

d. the magnitude of the expected loss--total or partial--of assets, and the extent of displacement, physical or economic;

e. information on vulnerable groups or persons as especially those below the poverty line, the landless, the elderly, women and children, indigenous peoples, ethnic minorities, or other displaced persons who may not be

protected through national land compensation legislation, for whom special provisions may have to be made; and

f. provisions to update information on the displaced people's livelihoods and standards of living at regular intervals so that the latest information is available at the time of their displacement.

(a) Other studies describing the following land tenure and transfer systems, including an inventory of common property natural resources from which people derive their livelihoods and sustenance, non-title-based usufruct systems (including fishing, grazing, or use of forest areas) governed by local recognized land allocation mechanisms, and any issues raised by different tenure systems in the project area;

(ii) the patterns of social interaction in the affected communities, including social networks and social support systems, and how they will be affected by the project;

(iii) public infrastructure and social services that will be affected; and

(iv) social and cultural characteristics of displaced communities, including a description of formal and informal institutions (e.g., community organizations, ritual groups, nongovernmental organizations (NGOs)) that may be relevant to the consultation strategy and to designing and implementing the resettlement activities.

Legal framework

The findings of an analysis of the legal framework, covering

(b) the scope of the power of eminent domain and the nature of compensation associated with it, in terms of both the valuation methodology and the timing of payment;

(c) the applicable legal and administrative procedures, including a description of the remedies available to displaced persons in the judicial process and the normal timeframe for such procedures, and any available alternative dispute resolution mechanisms that may be relevant to resettlement under the project;

(d) relevant law (including customary and traditional law) governing land tenure, valuation of assets and losses, compensation, and natural resource usage rights; customary personal law related to displacement; and environmental laws and social welfare legislation;

(e) laws and regulations relating to the agencies responsible for implementing resettlement activities;

(f) gaps, if any, between local laws covering eminent domain and resettlement and the Bank's resettlement policy, and the mechanisms to bridge such gaps; and

(g) any legal steps necessary to ensure the effective implementation of resettlement activities under the project, including, as appropriate, a process for recognizing claims to legal rights to land--including claims that derive from customary law and traditional usage (those who do not have formal legal rights to land at the time the census begins but have a claim to such land or assets-provided that such claims are recognized under the laws of the country or become recognized through a process identified in the resettlement plan).

Institutional Framework

The findings of an analysis of the institutional framework covering

(h) the identification of agencies responsible for resettlement activities and NGOs that may have a role in project implementation;

(i) an assessment of the institutional capacity of such agencies and NGOs; and

(j) any steps that are proposed to enhance the institutional capacity of agencies and NGOs responsible for resettlement implementation.

Eligibility

Definition of displaced persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cut-off dates.

Valuation of and compensation for losses

The methodology to be used in valuing losses to determine their replacement cost; and a description of the proposed types and levels of compensation under local law and such supplementary measures as are necessary to achieve replacement cost for lost assets.

Resettlement measures

A description of the packages of compensation and other resettlement measures that will assist each category of eligible displaced persons to achieve the objectives of the policy. In addition to being technically and economically feasible, the resettlement packages should be compatible with the cultural preferences of the displaced persons, and prepared in consultation with them.

Site selection, site preparation, and relocation

Alternative relocation sites considered and explanation of those selected, covering

(k) institutional and technical arrangements for identifying and preparing relocation sites, whether rural or urban, for which a combination of productive potential, locational advantages, and other factors is at least comparable to the advantages of the old sites, with an estimate of the time needed to acquire and transfer land and ancillary resources;

(l) any measures necessary to prevent land speculation or influx of ineligible persons at the selected sites;

(m) procedures for physical relocation under the project, including timetables for site preparation and transfer; and

(n) legal arrangements for regularizing tenure and transferring titles to resettlers.

Housing, infrastructure, and social services

Plans to provide (or to finance resettlers' provision of) housing, infrastructure (e.g., water supply, feeder roads), and social services (e.g., schools, health services); to ensure comparable services to host populations; any necessary site development, engineering, and architectural designs for these facilities.

Environmental protection and management

A description of the boundaries of the relocation area; and an assessment of the environmental impacts of the proposed resettlement measures to mitigate and manage these impacts (coordinated as appropriate with the environmental assessment of the main investment requiring the resettlement).

Community participation

Involvement of resettlers and host communities

(o) a description of the strategy for consultation with and participation of resettlers and hosts in the design and implementation of the resettlement activities;

(p) a summary of the views expressed and how these views were taken into account in preparing the resettlement plan;

(q) a review of the resettlement alternatives presented and the choices made by displaced persons regarding options available to them, including choices related to forms of compensation and resettlement assistance, to relocating as individuals families or as parts of preexisting communities or kinship groups, to sustaining existing patterns of group organization, and to retaining access to cultural property (e.g. places of worship, pilgrimage centers, cemeteries); and

(r) institutionalized arrangements by which displaced people can communicate their concerns to project authorities throughout planning and implementation, and measures to ensure that such vulnerable groups as indigenous people, ethnic minorities, the landless, and women are adequately represented.

Integration with host populations

Measures to mitigate the impact of resettlement on any host communities, including

(s) consultations with host communities and local governments;

(t) arrangements for prompt tendering of any payment due the hosts for land or other assets provided to resettlers;

(u) arrangements for addressing any conflict that may arise between resettlers and host communities; and

(v) any measures necessary to augment services (e.g., education, water, health, and production services) in host communities to make them at least comparable to services available to resettlers.

Grievance procedures

Affordable and accessible procedures for third-party settlement of disputes arising from resettlement; such grievance mechanisms should take into account the availability of judicial recourse and community and traditional dispute settlement mechanisms.

Organizational responsibilities

The organizational framework for implementing resettlement, including identification of agencies responsible for delivery of resettlement measures and provision of services; arrangements to ensure appropriate coordination between agencies and jurisdictions involved in implementation; and any measures (including technical assistance) needed to strengthen the

implementing agencies' capacity to design and carry out resettlement activities; provisions for the transfer to local authorities or resettlers themselves of responsibility for managing facilities and services provided under the project and for transferring other such responsibilities from the resettlement implementing agencies, when appropriate.

Implementation schedule

An implementation schedule covering all resettlement activities from preparation through implementation, including target dates for the achievement of expected benefits to resettlers and hosts and terminating the various forms of assistance. The schedule should indicate how the resettlement activities are linked to the implementation of the overall project.

Costs and budget

Tables showing itemized cost estimates for all resettlement activities, including allowances for inflation, population growth, and other contingencies; timetables for expenditures; sources of funds; and arrangements for timely flow of funds, and funding for resettlement, if any, in areas outside the jurisdiction of the implementing agencies.

Monitoring and evaluation

Arrangements for monitoring of resettlement activities by the implementing agency, supplemented by independent monitors as considered appropriate by the Bank, to ensure complete and objective information; performance monitoring indicators to measure inputs, outputs, and outcomes for resettlement activities; involvement of the displaced persons in the monitoring process; evaluation of the impact of resettlement for a reasonable period after all resettlement and related development activities have been completed; using the results of resettlement monitoring to guide subsequent implementation.

ABBREVIATED RESETTLEMENT PLAN

2. An abbreviated plan covers the following minimum elements, in addition, in case some of the displaced persons lose more than 10% of their productive assets or require physical relocation, the plan also covers a socioeconomic survey and income restoration measures.

(a) a census survey of displaced persons and valuation of assets;

(b) description of compensation and other resettlement assistance to be provided;

(c) consultations with displaced people about acceptable alternatives;

(d) institutional responsibility for implementation and procedures for grievance redress;

(e) arrangements for monitoring and implementation; and

(f) a timetable and budget.

ANNEX 2 - Summary Minute of Meeting

Consultancy on finalizing policy frameworks on Environmental safeguard, Resettlement plan and Ethnic minorities.

On 29/15/2018, at the Meeting room No. 207 Block B of the Ministry of Industry and Trade, 54 Hai Ba Trung Street, Hanoi, PMB of MOIT held a stakeholder consultation workshop on the Policy frameworks on Environmental safeguard, Resettlement plan and Ethnic minorities.

Participants

- 03 representatives of the PMB and Department of Energy Saving and Sustainable Development;
- 01 representatives of State Bank of Vietnam ;
- 01 representatives of Non-governmental organizations: Pan Nature;
- 06 representatives of commercial banks: Vietnam Prosperity Joint-Stock Commercial Bank, Sai Gon–Hanoi Joint Stock Commercial Bank, Vietnam Joint Stock Commercial Bank for Industry and Trade, Ho Chi Minh Development Joint Stock Commercial Bank, Vietnam Bank for Agriculture and Rural Development, Vietnam Technological and Commercial Joint-stock Bank.
- 8 participants from relevant institutions and organizations: MONRE, Petroleum of Vietnam, Electricity of Vietnam, Vietnam Steel and Cement corporation.

Purposes of the workshop

To receive comments and opinions from stakeholders to finalize 3 policy frameworks, guidelines for implementing energy saving projects with the aims of achieving the national targets on environmental protection and social security pursuant to the policy frameworks of the World Bank and regulations of Vietnam:

- Policy framework on environmental safeguard
- Policy framework on resettlement plan
- Policy framework on ethnic minorities

Key points of the workshop

About "Policy framework on environmental safeguard"

Comments and opinions from participants forced on 5 main contents:

- The social sections (gender, occupations, ethnic minority, resettlement, compensation etc.) should be assessed more detailed;
- The project should clarify the scope of these frameworks (available projects or potential projects, inside or outside of plants' boundaries, environment safeguard and social assessment etc.);
- The project should update new regulations on environmental protection and clean
- PMB should negotiate with WB about harmonizes interest rate. PFIs also expect to reduce interest rates, to offset the costs.

- It is necessary to improve capacity for appraisal staffs of PFIs
- Clarify the rules and procedures when a default occurs. In this case, what is the standard for being guaranteed with loans?
- Please clarify and consider which mechanism to overcome or compensate for damage in this case for the PFIs.

Explanations and feedbacks from the independent consultants and PMB:

- After discussion with World Bank and Department of Energy Saving and Sustainable Development about scope of works, the consultant will assess social impacts more detailed;
- The scope of these frameworks is for potential projects. These projects would be screened pursuant to Vietnamese regulations and World Bank's Guidelines. Procedures for eligible projects were shown in the Appendix of the frameworks. Moreover, the assessment of environmental safeguard would follow Vietnamese regulations and World Bank's Guidelines.
- The policy framework was built up for conformation by PFIs, so they must arrange competence staffs sufficiently to implement. These staffs will be trained for capacity building.
- The policy framework and guidance will be adjusted so that easily access to conduct in fact.
- Regarding the request for assistance to negotiate with the World Bank, PMB found that this GCF project has very favorable support and not much content for negotiating interest rates. The VSUEE project is leveraging the attractiveness of the VEEIE project and the Interest rate is still in the negotiation process to find a solution for interest rates. The World Bank is also considering a mechanism to reduce the risk for commercial banks when the exchange rate changes.
- To reduce damages as mentioned from the guaranteed projects, PFIs are required to strengthen their responsibility for the verification and supervision throughout the project implementation process. Such as the problem arises would be found out in early stage and then both the bank and the borrowing IEs will have to agree on a corrective plan. World Bank and PMU will give time for PFI and IEs to remedy. If after a period of time that no remedial action has been taken or if no corrective action has been taken, the funding side must take action. In fact, the risks will fall into the banks more than the business. That involves banking constraints on the responsibility of reviewing and evaluating projects to make loan decisions.
- On the criteria for guarantee payment, this issue is not yet decided, it will be exchanged and clarified with the World Bank.
- New environmental regulations would be updated to the frameworks;

About "Policy framework on resettlement plan" and "Policy framework on ethnic minorities"

Comments and opinions from participants forced on 2 main contents:

- The frameworks of RPF should follow the Vietnamese regulations; The policy of this framework is unclear for the affected people and the compensated objects is unlawful as result of affects on the domestic projects and adjacent projects (eg support levels, compensation for projects under Vietnamese law differs from borrowing projects that apply WB policy frameworks).
- Some sensitive terms on indigenous people should be translated and written correctly.
- On the grievance mechanism, it is should be added the PMU and the Board of Compensation and the Land Service Organization (established by the Provincial People's Councils).

Explanations and feedbacks from consultant and PMB:

- "Policy framework on resettlement plan" and "Policy framework on ethnic minorities" cannot be modified and written in accordance with Vietnamese regulations, it must be implemented in accordance with World Bank guidelines as this is a World Bank loan.;
- Regarding the complaints mechanism, the consultant would like to receive comments, review, amend and supplement appropriate and complete.

Conclusion

The workshop was closed at 11:00 a.m of the same day. The consultant will revise the frameworks and report based on the comments and opinions of stakeholders.