

## Integrated Safeguards Data Sheet (Updated)

Report No: AC307

### Section I - Basic Information

Date ISDS Prepared/Updated: 09/29/2003

#### A. Basic Project Data (from PDS)

##### I.A.1. Project Statistics

Country: VIETNAM	Project ID: P066051 Global Supplemental ID: P074414
Project: Forest Sector Development Project	Task Team Leader: Susan S. Shen
Authorized to Appraise Date: September 30, 2003	IBRD Amount (\$m):
Bank Approval: March 30, 2004	IDA Amount (\$m): 44.80 Global Supplemental Amount (\$m): 9.00
Managing Unit: EASRD	Sector: Forestry (100%)
Lending Instrument: Specific Investment Loan (SIL)	Theme: Other environment and natural resources management (P); Biodiversity (P)
Status: Lending	

##### I.A.2. Project Objectives (From PDS):

The objective of the project is to achieve sustainable management of (plantation) forests and the conservation of biodiversity in special use forests to enhance the contribution of forestry to rural poverty reduction and global environmental protection. This objective will be attained by improving environment for sustainable forestry development and biodiversity conservation; providing attractive packages to mainly poor farming households of smallholders to plant trees on a sustainable basis and to generate additional income; providing small competitive grants for managing priority special use forests of international importance effectively; and enhancing capacity in regional, provincial, district-levels, and site-levels to provide needed support services and to monitor and evaluate impact and outcomes.

##### I.A.3. Project Description (From PDS):

The project will finance, over a period of six years, the following main components and activities.

**Component 1: Institutional Development (US\$1.17 million).** This component, national in scope, will assist the GoV in strengthening the enabling environment for sustainable forest management and biodiversity conservation. The component includes the following subcomponents and key activities: (i) revising selected policies and regulations based on field implementation experiences with regard to management of production plantation forest and special use forests (examples include improved forest land allocation guidelines; development of more effective guidelines for SUF management, planning, and budgeting; and improve ways in which forests are addressed in provincial plans); (ii) establishing farm forestry groups to facilitate the development of smallholder forestry; and (c) promoting certification of plantation forests to ensure environmental sustainability and higher prices for participating households.

**Component 2: Smallholder Plantation Forest (US\$62.56 million).** This component, covering four provinces of Quang Nam, Quang Ngai, Binh Dinh, and Thua Thinh Hue, will establish forest plantations and promote small-scale tree growing by rural communities, many of whom are poor, based on different cropping systems, including fast-growing plantations, mixed forestry-agriculture crops, and fruit trees. In addition, special attention will be paid to improving productivity of already existing but poorly performing plantations. It will include the following subcomponents and activities: (i) participatory site selection involving village consultations and technical and environmental screening of proposed sites; (ii) land allocation and land use right certificate (LUC) issuance which is an eligibility criteria for the investment credit; (iii) extension and services delivery to assist the smallholders in all aspects of plantation forestry; (iv) plantation design and management; and (v) plantation investments in the form of credit to eligible households. While SFEs may also participate if they meet the agreed eligibility criteria, it is likely that the number would be very few, if any.

**Component 3: Special Use Forest (US\$17.00 million).** This component will improve the conservation and sustainable use of biodiversity in priority special use forests and increase the reliability of special use forest funding through the establishment of an innovative financing mechanism. It will be implemented nationally and include the following subcomponents and activities: (i) Vietnam Conservation Fund (VCF) establishment and operations including the set-up of the fund management structure and procedures; administration of a competitive small grants program; and monitoring, reporting, and dissemination of lessons learned; and (ii) special use forest planning and implementation which focuses on site-specific activities such as completion of conservation needs assessment, development of operational management plans, strengthening of field implementation capacity; and operationalization of a site-specific monitoring and evaluation system. It is expected that up to 50 priority SUFs could benefit from the grant packages during the course of the project. The fund would be open-ended and could be replenished at the end of the project by other donors based on evaluation of performance.

**Component 4: Project Management and Monitoring and Evaluation (US\$5.68 million).** This component would facilitate efficient project implementation and coordination and collaboration with various government agencies at central, provincial and district levels as well as undertaking project specific monitoring and ensuring effective collaboration and cooperation with other partners in the FSSP Partnership in accordance with the signed MOA and related principles. There are two subcomponents: (i) project management; and (ii) monitoring and evaluation to ensure the project is on course, improve project performance, and determine project impact.

I.A.4. Project Location: (Geographic location, information about the key environmental and social characteristics of the area and population likely to be affected, and proximity to any protected areas, or sites or critical natural habitats, or any other culturally or socially sensitive areas.)


The Smallholder Plantation component focuses on four provinces of the central coastal region that have been identified as having the most available and suitable land for production forestry, as well as access to processing and transportation infrastructure. The provinces are Quang Nam, Quang Ngai, T.T. Hue, and Binh Dinh. The forest land targeted for production forestry is not located in any protected areas or culturally sensitive areas, and rigorous criteria for site selection will exclude any sites with good quality successional vegetation. Area anticipated for plantations is approximately 66,000 hectares of which 49,000 is bare production forests and 17,000 is old poorly-stocked forest plantation land scattered in 120 communes in 21 districts involving 19,000 households. On average, each household is expected to plant 2-5 hectares. Although the majority of people in these provinces are ethnically Kinh, there exists ethnic minority groups such as Mon Khmers, Xo Dang, Hre, Ba Na and others. The Special Use Forest component is nation-wide and the population likely to be affected are primarily the poor, rural households living in or adjacent to the Special Use Forests.

**B. Check Environmental Classification: B (Partial Assessment)**

*Comments:*

The proposed environmental screening category for this project is category B. A "B" rating is justified because infrastructure construction is not a primary focus of this project, and any such investments will be of a small scale and with environmental impacts that are likely to be short-term and manageable with known mitigation techniques. This rating is fully consistent with guidance provided in OP 4.01 and with similar projects recently approved in the region. There is no major involuntary resettlement expected under the project that would trigger an "A" rating. The "B" rating was confirmed at an interim safeguard meeting, after pre-appraisal, in June 2003, when more information about geographic location, population likely to be affected and project activities was available.

**C. Safeguard Policies Triggered (from PDS)**

(click on  for a detailed description *or* click on the policy number for a brief description)

Policy	Triggered
Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Natural Habitats (OP 4.04, BP 4.04, GP 4.04)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Forestry (OP 4.36, GP 4.36)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Pest Management (OP 4.09)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Cultural Property (OPN 11.03)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Indigenous Peoples (OD 4.20)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Involuntary Resettlement (OP/BP 4.12)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Safety of Dams (OP 4.37, BP 4.37)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)*	<input type="radio"/> Yes <input checked="" type="radio"/> No

**Section II - Key Safeguard Issues and Their Management**

**D. Summary of Key Safeguard Issues.** Please fill in all relevant questions. If information is not available, describe steps to be taken to obtain necessary data.

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

Potential environmental impacts identified in the draft EA all relate to the Smallholder Plantation Forest component. They are: (a) potential loss of residual biodiversity as a result of conversion to plantations of better quality successional vegetation communities; (b) potential site degradation and nutrient depletion of sites after several rotations; (c) potential increase incidence of pest and disease due to overly simplistic plantation communities; and (d) potential increase in soil and water loss due to poor plantation practices and infrastructure development (e.g., trail/road upgrade). Since most proposed plantation sites are located within 2 km of a secondary service road, building of access tracks within plantation blocks will be limited to that necessary to transport planting materials to the site and to extract products from primary landings in the woods to secondary landings at the service road. Such tracks should be sufficient for passing motorcycles and wagons towed by either draft animals or small tractors. This component is not located in any natural forest area; has no pesticide issue; and covers a potential area of 66,000 ha in four provinces, smaller in scale than most other World Bank-financed forestry projects. The draft EA concluded that the potential issues can be mitigated and the prescriptions are laid out in the Environmental Management Plan (EMP). The methodology taken will be adapted

for use in the Forest Sector Manual of the FSSP and this will have an impact beyond the four project provinces.

No resettlement and only minor land acquisition is expected under the project. Access tracks, as mentioned above, to the woodlots will be made and some minor expansion of forestry extension offices in the project districts may take place. Indigenous Peoples (Ethnic Minorities) in the project area will benefit from the project, if they chose to participate in plantation forest. They may, however, need additional support to fully utilize the provisions of the project. There are ethnic minorities living in and around most of the Special Use Forests eligible for funding under the Conservation Fund. A threat assessment will be carried out in each Special Use Forest to determine if there is a biologically justified need for restricting access to forest resources by local communities.

II.D.1b. Describe any potential cumulative impacts due to application of more than one safeguard policy or due to multiple project component.

None anticipated. However, in the four provinces of the Smallholder Plantation Component, the synergies between this and the Special Use Forest component will enhance the general forest environment.

II.D.1c Describe any potential long term impacts due to anticipated future activities in the project area.

The project as a whole deals with sustainable forestry development, and the Special Use Forest component specifically addresses measures to improve natural habitats of international importance. Therefore long term environmental and social impacts should be positive.

II.D.2. In light of 1, describe the proposed treatment of alternatives (if required)

None required. See also below.

II.D.3. Describe arrangement for the borrower to address safeguard issues

**Environmental Safeguards:**

An EA was carried out and an EMP was prepared by MARD focusing on the Smallholder Plantation Forest component. No pesticides will be procured under the project, and the Environmental Protection Guidelines for the plantation component will ensure that critical natural habitats and sites of cultural significance are screened out as part of the site selection process. The project as a whole deals with sustainable forestry development, and the Special Use Forest component specifically addresses measures to improve natural habitats of international importance.

**Social Safeguards:**

No resettlement and only minor land acquisition is expected under the project. Access tracks to the woodlots will be made and some minor expansion of forestry extension offices in the project districts may take place. Since exact impacts cannot be determined beforehand, a draft *Resettlement Policy Framework* has been prepared by MARD to address any possible impacts mentioned above in accordance with the provisions of OP 4.12 on Involuntary Resettlement. The Resettlement Policy Framework includes a Process Framework for the Special Use Forest component. The Process Framework will assess and address any restrictions in access to natural resources faced by local communities, and provide for remedies to these restrictions on a case-by-case basis. The Process Framework incorporates features of the other social safeguard policy that applies to this project, i.e. OD 4.20 on Indigenous Peoples.

Indigenous Peoples (Ethnic Minorities) in the project area will benefit from the project, if they chose to participate in plantation forest. They may, however, need additional support to fully utilize the provisions of the

project. In and around most of the Special Use Forests that are eligible for funding under the conservation fund there are ethnic minorities living. To ensure that ethnic minority communities benefit from the project and are not adversely impacted, a draft *Ethnic Minority Development Strategy* has been prepared by MARD, under which, for the plantation component, commune level Ethnic Minority Development Plans will be developed in a participatory manner with the ethnic minority communities themselves, at the stage when the project enters the commune in which they live.

Since the conservation fund of the Special Use Forest component builds on applications from the SUFs, the provisions of OD 4.20 have been incorporated in two ways: (i) screening criteria have been designed for the review of applications from special use forests to benefit from the Conservation fund in order to ensure compatibility with OD 4.20; and (ii) a Process Framework has been prepared to address the eventuality that reduced natural resource use is warranted for conservation of important biodiversity. It set the rules of engagement between the SUF management authorities and local communities in negotiating acceptable Natural Resource Use Agreements. The Process Framework is included in the Resettlement Policy Framework.

II.D.4. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Initial screening interviews with all stakeholder representatives to identify risks of negative impact as well as opportunities of positive impact for the project was undertaken during the initial phase of preparation. Subsequent series of interviews in sample communes in all four provinces led to preparation of environmental and social recommendations for further project preparation. In addition to the above interviews, further consultation consisted of dissemination to potential beneficiaries of a project information leaflets. A first version of the leaflet was distributed in July 2002 to the provinces and some districts. A second version was disseminated in February 2003 to all 120 project communes, and meetings were held in all 21 project districts. A third and final version, highlighting the social and environmental impact assessment, was disseminated in September 2003, in all project communes, and sample districts and communes had meetings, facilitated by the national social and environment consultants, to solicit feedback on the proposed project and the social and environmental impacts.

Consultation of the Special Use Forest component involved two weeks of field visits to four provinces in central and southern Vietnam and included consultations with stakeholders at all levels involved in SUF management and representatives of communities and local authorities.

**E. Safeguards Classification** (*select in SAP*). Category is determined by the highest impact in any policy. Or on basis of cumulative impacts from multiple safeguards. Whenever an individual safeguard policy is triggered the provisions of that policy apply.

- S1. – Significant, cumulative and/or irreversible impacts; or significant technical and institutional risks in management of one or more safeguard areas
- S2. – One or more safeguard policies are triggered, but effects are limited in their impact and are technically and institutionally manageable
- S3. – No safeguard issues
- SF. – Financial intermediary projects, social development funds, community driven development or similar projects which require a safeguard framework or programmatic approach to address safeguard issues.

#### **F. Disclosure Requirements**

<i>Environmental Assessment/Analysis/Management Plan:</i>	<i>Expected</i>	<i>Actual</i>

Date of receipt by the Bank	8/31/2003	9/3/2003
Date of "in-country" disclosure		
Date of submission to InfoShop	9/5/2003	9/12/2003
Date of distributing the Exec. Summary of the EA to the Executive Directors <i>(For category A projects)</i>	Not Applicable	Not Applicable
<i>Resettlement Action Plan/Framework:</i>		
	<u>Expected</u>	<u>Actual</u>
Date of receipt by the Bank	8/31/2003	9/3/2003
Date of "in-country" disclosure		
Date of submission to InfoShop	9/5/2003	9/12/2003
<i>Indigenous Peoples Development Plan/Framework:</i>		
	<u>Expected</u>	<u>Actual</u>
Date of receipt by the Bank	8/31/2003	9/12/2003
Date of "in-country" disclosure		
Date of submission to InfoShop	9/5/2003	9/12/2003
<i>Pest Management Plan:</i>		
	<u>Expected</u>	<u>Actual</u>
Date of receipt by the Bank		
Date of "in-country" disclosure		
Date of submission to InfoShop		
<i>Dam Safety Management Plan:</i>		
	<u>Expected</u>	<u>Actual</u>
Date of receipt by the Bank		
Date of "in-country" disclosure		
Date of submission to InfoShop		

If in-country disclosure of any of the above documents is not expected, please explain why.

<u>Signed and submitted by</u>	<u>Name</u>	<u>Date</u>
Task Team Leader:	Susan S. Shen	09/23/2003
Project Safeguards Specialists 1:	Lars C. Lund/Person/World Bank	09/23/2003
Project Safeguards Specialists 2:	Glenn Morgan	09/23/2003
Project Safeguards Specialists 3:		

<u>Approved by:</u>	<u>Name</u>	<u>Date</u>
Regional Safeguards Coordinator:	Glenn S. Morgan	09/23/2003
Sector Director	Mark D. Wilson	09/23/2003

<u>Comments</u>	<u>Name</u>	<u>Date</u>
Safeguards Unit Director	Maria Teresa Serra	09/23/2003