

RAMANIE KUNANAYAGAM  
Chairperson  
The Inspection Panel

September 25, 2023

**IPN REQUEST 23/03**

## **Notice of Registration**

### **Second Request for Inspection**

#### **Vietnam: Vietnam Coastal Cities Sustainable Environment Project (P156143)**

#### **Summary**

1. On August 27, 2023, the Inspection Panel (the “Panel”) of the World Bank (the Bank”) received a Request for Inspection (the “Request” or the “second Request”) related to the Bank-financed Vietnam: Vietnam Coastal Cities Sustainable Environment Project (P156143) (the “Project”). The Request was submitted by 31 individuals (the “Requesters”) who live in Ngoc Hiep Ward, Nha Trang City, Khanh Hoa Province in Vietnam. This is the second Request concerning this Project; a first request was received on December 27, 2022, which the Panel did not register.<sup>1</sup>

2. The second Request raises four inter-related concerns about different aspects of the Project’s involuntary resettlement process. First, the Request considers that the communications community members are receiving from the Bank and the Provincial Authorities concerning the use of their land by the Project is creating uncertainty. Second, the Request disputes the valuation methodology and compensation packages, claiming they fall short of what some of the affected households should receive from the Project. Third, the Request alleges an inconsistency in the application of resettlement policies. Fourth, the Request claims that some of the Requesters were excluded from the resettlement process for having complained about certain aspects of the Project.

3. On September 8, 2023, the Panel acknowledged receiving the second Request by issuing a Notice of Receipt on its website, and so informed the Requesters, Bank Management (“Management”), and the Accountability Mechanism Secretary. The Panel conducted its initial due diligence of the Request and confirmed that it meets the admissibility criteria. Therefore, by way of this Notice of Registration, I hereby inform you that on September 25, 2023, I have registered this Request.

#### **The Project**

4. The Project was approved by the World Bank Board of Executive Directors (the “Board”) on May 5, 2017, and at the time of Project approval was financed through a US\$ 37.5 million Loan

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<sup>1</sup> See, Request for Inspection Vietnam: Vietnam Coastal Cities Sustainable Environment Project (P156143) Notice of Non-Registration, dated February 23, 2023. Available at: <https://www.inspectionpanel.org/sites/default/files/cases/documents/163-Notice%20of%20Non-Registration-23%20February%202023.pdf>.

from the International Bank for Reconstruction and Development (IBRD) and a US\$ 190.2 million equivalent Credit from the International Development Association (IDA). The Project has counterpart funding by the Borrower of US\$ 46 million. The Project's total cost was US\$ 273.7 million equivalent at the time of Project approval with a closing date of December 31, 2022.

5. On December 30, 2022, the Project was restructured to extend the closing date to June 30, 2024. The restructuring also reduced the Project's cost and changed financing mechanisms. The Restructuring Paper states that there are no changes in the Project's scope or activities. However, some of the infrastructure works in Nha Trang City were cancelled. The IBRD Loan was decreased to US\$ 34.2 million, the IDA Credit to US\$ 156.4 million equivalent, and the counterpart financing was increased to US\$ 50 million. The total Project cost was adjusted to US\$ 240.6 million. The Project was 57.43 percent disbursed at the time of receipt of the Request.

6. The Project is a Category A project and triggered the following safeguard policies: Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Physical Cultural Resources (OP/BP 4.11), and Involuntary Resettlement (OP/BP 4.12).

7. The Project Development Objective (PDO) is *“to increase access to sanitation services and improve the operational performance of sanitation utilities in the Project Cities.”* The four project cities are Dong Hoi (Quang Binh Province), Quy Nhon (Binh Dinh Province), Phan Rang-Thap Cham (Ninh Thuan Province), and Nha Trang (Khanh Hoa Province). The Request for Inspection relates to the Project's Ngoc Hiep Resettlement Site in Nha Trang City. According to the Project Appraisal Document (PAD), the implementing agencies for the Project are the Project Management Units (PMUs) of four provinces: Ninh Thuan, Quang Binh, Khanh Hoa, and Binh Dinh. Nha Trang City is in Khanh Hoa Province.

8. The Project has four components. Component 1 – Sanitation Infrastructure Expansion – supports investments in flood reduction works, drainage and wastewater collection networks, wastewater treatment plants, school sanitation and public toilets, solid waste management, and implementation support for, among others, engineering design, construction supervision, financial audits and environmental and social management. Component 2 – Urban Connectivity Improvement – covers priority roads and bridges along canals, drains, and rivers to create new or upgrade existing key arterial roads, link roads, and local roads, thereby increasing the connectivity of the cities' road network. Component 3 – Compensation and Site Clearance – provides funding for compensation, site clearance, resettlement site works, associated implementation support for, among others, engineering design, construction supervision, financial audits, and environmental and social management. Component 4 – Implementation Support and Institutional Reform – supports a capacity strengthening program for the PMUs and relevant agencies, and reform activities related to the implementation of Decree 80 (institutional reorganization, household connection policy, service contracts, private sector participation, and tariffs/cost recovery).

## **The Request**

9. The Request covers four broad inter-related concerns. First, the Request considers that the communications they are receiving from the Bank and the Provincial Authorities, concerning the use of their land by the Project, is creating uncertainty about their land-use rights. According to the

Request, this uncertainty is causing harm to community members because restrictions have been placed on their properties and they cannot apply for land certificates, build or repair structures, or rent their current dwellings. Second, the Request states that some of the households, who are affected by the ongoing resettlement process, dispute the valuation methodology and compensation packages provided by the Project and claim they fall short of what they should receive. The Request adds that some households, who disagreed with the compensation amounts offered to them, had their land and properties forcibly taken. Third, the Request alleges inconsistent application of resettlement policies, which the Requesters say has resulted in unfair treatment of the affected households. Fourth, the Request claims that some of the Requesters were excluded from the resettlement process for having complained about certain aspects of the Project.

10. **Alleged loss of land-use rights due to restrictions imposed by the resettlement process.** The Request claims that households are affected by the “*Ngoc Hiep Resettlement Area Infrastructure Construction Project*.” It also claims that they are not clear about what will happen to their land. The Request alleges that the imposed restrictions related to the resettlement process have led to the affected households being unable to apply for land certificates, build structures, repair, or rent their current dwellings, and that these restrictions have been in place since 2016.

11. From the Panel’s Notice of Non-registration concerning the first Request, the second Request states that the Requesters understood that the Khanh Hoa Provincial Authorities “*will not acquire their land under the World Bank Project*” and that they “*will no longer be considered as Project-affected household [sic]*.” The Request states that the Requesters took this to mean that their land “*will not be acquired for any reason, for any project in the future*.” It adds that the World Bank had a written confirmation from Provincial Authorities of Khanh Hoa that the area would not be acquired for the Project. The Request states that during a meeting with Provincial Authorities, that occurred after the Panel’s Notice of Non-Registration, the Requesters claim the Authorities mentioned stopping the site clearance activities related to their land and cancelling the compensation process. It also adds that the Provincial Authorities did not mention cancelling the decision to acquire their land for the Project.

12. The Request alleges that the Bank and Provincial People’s Committee communications have caused further uncertainty. It states that the Bank “*promised*” the Requesters that they will receive a written note indicating that “*their land and houses will not be used by the Bank or any other project*.” It adds that on May 11, 2023, the Bank informed them that it was working with the PMU and Khanh Hoa Provincial People’s Committee to issue a final decision that would remove “*existing project-related restrictions on their property*” so that “*they will have the authority to build or repair house [sic] according to local regulations*” by June 30, 2023. The Request states that, however, households received a letter dated June 27, 2023, from the Khanh Hoa Provincial People’s Committee stating that there are proposed adjustments and that the activities would be implemented in two phases; phase 1, 2016-2024, will use land already “*recovered*” and phase 2, after 2024, would use “*unrecovered*” land. The Request claim that since the concerned households have received no assurance from the Authorities that their lands will not be used by the Project, they fear that the Provincial Authorities will “*force [them] to hand over [their] land*” in the future.

13. **Alleged inadequate land valuation and compensation, and forcible land acquisition.** The Request claims that some of the affected households, whose assets were acquired as part of the

Project, state that they disagreed with the compensation packages offered to them, claiming the amounts therein were insufficient for new land at current market price. They claim that some households that disagreed with the compensation amounts were “*forced to*” comply with the land acquisition process, and some of them are yet to be compensated. The Request claims that there are a number of community members “*suffering*” due to the Project-related resettlement process and inadequate compensation packages.

14. The Request questions the basis for determining the price of resettlement land and the methodology used to calculate it. The Request claims that, although some land is residential and used for harvesting perennial crops, the Project categorizes it as annual-crop land and “*field land.*” The Request considers that this has resulted in “*unreasonable*” land valuations.

15. **Alleged unfair treatment and inconsistent application of resettlement policies.** The Request claims that the land acquisition process has, in some cases, been conducted in line with the Project’s Resettlement Policy Framework, and in other cases the local authorities have used different resettlement methods to develop the compensation packages.

16. The Request alleges that the Project “*recovers houses and land that are not part of the resettlement land fund of households*” and is “*expelling*” affected households for a “*land fund.*” It states this is occurring to provide resettlement for households affected by other projects, which is “*extremely unreasonable.*”

17. **Alleged of exclusion from the resettlement process.** The second Request states that households filed complaints to World Bank Management and to the Inspection Panel (the first request) in December 2022. It adds that the households who filed these complaints were, in February 2023, excluded from the resettlement process by the Bank Project. They felt this exclusion was unjustified.

### **Initial Due Diligence**

18. After receipt of the second Request, the Panel conducted its initial due diligence and verified that the Request meets the admissibility criteria for registration. The Request is not frivolous, absurd, or anonymous, and was submitted by 31 community members living in the Project area in Ngoc Hiep Ward, Nha Trang City, Khanh Hoa Province in Vietnam, who claim to be affected by Project activities.

19. The Panel received earlier correspondence between the Requesters and the Bank concerning the issues raised in this Request. The Panel reviewed the issues raised in this Request taking the first Request into consideration. The Panel notes that this Request raises new evidence or circumstances not known at the time of the first Request. In addition, the Panel notes that the second Request was submitted after Management has had an opportunity to respond to the Requesters’ concerns. The Request includes detailed communication of the exchanges with Management. The Panel also notes that the Requesters were not satisfied with the outcome of their engagement with Management. The Panel is therefore satisfied that the issues have been brought to the attention of the Bank prior to submission of this Request for Inspection and that Management has had a reasonable opportunity to respond to the specific concerns raised in the Request. The Panel also verified that the subject matter

of the Request does not concern issues of procurement and, at the time of receipt of the Request, the Project was 57.43 percent disbursed and its current closing date is June 30, 2024.

20. During its review of the Request, the Panel spoke with the Requesters and their representatives on September 12, 2023, to understand their concerns better, seek clarifications, and inform them about the Panel's process and mandate. As part of its initial due diligence process, the Panel met with Management on September 15, 2023. The Requesters explained how they believe they have been and continue to be affected by the Project.

21. Management stated that the resettlement needs of the Project have been met and the Resettlement Action Plan (RAP) has been updated to reflect the smaller Project footprint. It added that no further land acquisition is needed for the Project and therefore, the land about which some affected households have uncertainty is no longer needed by the Project. Management stated that local authorities conducted a series of consultations between February and September 2023 to inform community members of the exclusion of five hectares of land from the Ngoc Hiep resettlement site. It added that the local authorities informed the households of the change in February 2023. Management stated that the PMU disclosed this decision on August 30, 2023. Management explained that the restrictions mentioned in the Request, were introduced under the provincial detailed master plan and are beyond the scope of the Bank-funded Project. Management stated that it has carefully looked into the allegations of undervaluation or inadequate compensation and acknowledged that there were potential issues of compliance with the agreed RAP. Management added that it conducted a review with the objective of bringing all compensation packages into compliance. Management also added it was not aware that any households were being compulsorily removed at the Ngoc Hiep Resettlement Site.

22. For the reasons above, the Panel considers this Request admissible. The Panel considers that the following areas of alleged harm could be plausibly linked to the Project and alleged violations of Bank policies: (i) the allegation of uncertainty stemming from the communication concerning the use of the affected households' land; (ii) the allegation of inadequate valuation methodology and compensation packages; (iii) the allegation that resettlement policies are inconsistently applied; and, (iv) the allegation that some households were excluded from the Project's resettlement process.

### **Registration of the Request**

23. As provided in paragraph 18 of the Panel's Resolution (the "Resolution"), *"the Chairperson of the Panel shall inform the Executive Directors and the President of the Bank promptly upon receiving a request for inspection."*<sup>2</sup> With this notice I hereby inform you that I have, on September 25, 2023, registered the above-mentioned Request.

24. The Panel's registration implies no judgment whatsoever concerning the merits of a Request for Inspection. As provided in paragraph 19 of the Resolution,<sup>3</sup> Bank Management must provide the Panel within 21 business days (by October 25, 2023) a response to the issues raised in the Request

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<sup>2</sup> World Bank Inspection Panel, Resolution No. IBRD 2020-0004 and Resolution No. IDA 2020-0003 (the "Resolution"), September 8, 2020, para. 18.

<sup>3</sup> Resolution, para. 19.

for Inspection. The subject matter that Management must deal with in the response to the Request is set out in paragraph 20 of the Resolution.

25. After receiving the Management Response, the Panel will “*determine whether the request meets the eligibility criteria set out in paragraphs 13 to 15 [...] and shall make a recommendation to the Executive Directors as to whether the matter should be investigated.*”<sup>4</sup> This Request has been assigned IPN Request Number 23/03.

Yours sincerely,



Ramanie Kunanayagam  
Chairperson

#### Attachments

The Executive Directors and Alternates  
International Bank for Reconstruction and Development  
International Development Association

Mr. Ajay Banga, President  
International Bank for Reconstruction and Development  
International Development Association

#### Requesters

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<sup>4</sup> Resolution, para. 22.