



Project Summary Information

Date of Document: 08/22/24	
Project Name	Supporting infrastructure development and climate financing in Viet Nam with second facility with VPBank
Project Number	P000744
AIIB member	Viet Nam
Sector/Subsector	Muti-sector/Multi-subsector
Alignment with AIIB's thematic priorities	Green infrastructure and private capital mobilization
Status of Financing	Approved
Objective	To contribute to the development of sustainable infrastructure and increase penetration of renewable energy and climate mitigation finance in Viet Nam
Project Description	The proposed Project is an up to USD 150 million loan to Viet Nam Prosperity Joint Stock Commercial Bank (VPBank) to on-lend the proceeds to support eligible multi-sector infrastructure and climate finance sub-projects. The financing proceeds will be used to on-lend to private entities for eligible sub-projects under the (1) transport sector, (2) energy sector, and (3) sustainable cities sector. A certain portion of the financing would be mandatorily directed towards climate mitigation finance. This is the second on-lending facility by AIIB to VPBank.
Expected Results	<p>The expected results will be monitored via the following indicators:</p> <p>Project Objective Indicators</p> <ol style="list-style-type: none"> 1. Renewable energy capacity installed (MW). 2. Percentage of loan proceeds towards climate financing (%). <p>Intermediate Indicators</p> <ol style="list-style-type: none"> 3. Amount of sub-loans financed (USD million). 4. Total amount of direct capital mobilized (USD million).

	<p>5. Number of electric vehicles financed</p> <p>6. GHG emission reductions/avoidance (tCO₂).</p>
Environmental and Social Category	FI
Environmental and Social Information	<p>Environmental and Social Policy and Categorization. AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL) and Environmental and Social Standards (ESSs) apply to the Project. The Project is assigned as Category FI under the ESP as it involves on-lending through a Financial Intermediary (FI). The Project's current pipeline has been mutually agreed and is aligned with the Bank's sector strategies.</p> <p>Environmental and Social Management System (ESMS). The instrument to be applied by VPBank is their ESMS which is developed with assistance from International Finance Corporation (IFC) and follows the IFC Performance Standards (PS). The ESMS encompasses scoping, screening, categorization, risk assessment, development of mitigation action plans, project monitoring and supervision at the time of implementation of sub-projects financed. The ESMS will include provisions on addressing involuntary resettlement, adverse impacts on indigenous peoples and/or vulnerable groups, significant or cumulative risks to or impacts on the environment and social (ES), community health and safety, biodiversity and cultural resources, significant retrenchment, significant occupational health, and safety risks. Further enhancement of the ESMS will be required with regards to (i) integration of physical climate risk assessment of investments under ES Due Diligences (ESDD); (ii) adequate information disclosure in compliance with the Bank's ESF for Category A and higher risk Category B sub-projects; (iii) integration of due diligence in relation to Labor and Working Conditions (LWC). The sub-loan beneficiaries will be bound to implement an Environmental and Social Action Plan (ESAP) to remediate any material gap with the applicable E&S standards defined in the VPBank's ESMS within an agreed period. AIIB will require prior review of some sub-projects (first three and all higher risk sub-projects) to facilitate the VPBank's compliance with AIIB's ESP requirements.</p> <p>Environmental and Social Aspects: The Project's proceeds will be used for on-lending to private entities, as defined by AIIB's procurement policy, as per eligibility criteria designed after considering VPBank's current pipeline of sub-projects. Both greenfield and brownfield projects are under consideration. The broad range of companies under proposed sectors present various significant ES risks that will be managed and mitigated using VPBank's ESMS. VPBank will use AIIB's proceeds for projects where land acquisition is conducted on market principles and where no legacy litigation cases are present. Therefore, ESS2 will not be triggered. For sub-project investments in locations affecting indigenous peoples, ESS3 will apply. Port projects present ES impacts in the form of air, water and soil pollution, possible impacts on biodiversity in relation to any expansion of port facilities, noise impacts, water pollution due to fuel leakage and impacts related to</p>

associated facilities such as road, rail transportation and/or storage facilities. The waste to energy plants present ES risks in the form of solid waste management, methane generation, water pollution, air pollution, and hazardous waste.

Occupational Health and Safety, Labor and Working Conditions. The ESMS includes requirements to identify and mitigate potential health, safety, social and environmental hazards in all sub-project activities that pose risks to contracted workers, communities, employees and may also have the potential for disruption of site works. In addition, all suppliers and contractors for sub-borrowers will be advised of the importance of implementing appropriate management measures to identify and address issues related to the ES provisions of the ESMS, including LWC and health and safety matters. The compliance with the ESMS is an essential part of the contract document with suppliers and contractors for each sub-project.

Gender. Gender is an important theme and an integral part of the VPBank's corporate policies. VPBank confirms that gender inclusion is an integral part of corporate policies and processes set up by VPBank. VPBank is monitoring gender balance among its labor force, and particularly at mid/high management level and aims for more gender-balanced management representation. At present, the overall female to overall staff ratio is 59 percent whereas the same at mid/top management is 52 percent. Human resource policies accommodate gender sensitive provisions for internal grievances. In addition to formal policies, VPBank applies a gender sensitive approach to many aspects of internal processes. This encompasses induction training on gender inclusion and opportunities for staff or contractors, trainings on Prevention of Sexual Harassment (POSH), and prevention from any form of discrimination.

Climate Risk and Opportunities. Upon discussion with the Bank, VPBank has agreed to amend its ESMS to incorporate provisions related to screening of sub-projects for exposure to physical climate risks as part of the due diligence process. Where the sub-projects are found exposed to climate hazards at a level of high risk, the sub-borrowers will be required to address the risks and integrate risk mitigation measures including risk transfer through insurance. The Project is considered as Paris Aligned based on the analysis of use of proceeds for mitigation (BB1), risk and materiality for adaptation (BB2) and VPBank's very limited exposure to hard infrastructure assets. Considering the scope of targeted investments, the Project will follow transaction-based approach with each of the underlying investments being screened for Paris alignment by the VPBank and confirmed by the Bank in cases where sub-projects are not on the Paris aligned list for mitigation, or in cases of high or medium exposure to physical climate risks. Where and if needed, VPBank will conduct an additional screening assessment upon guidance from the Bank to confirm Paris alignment on BB1 (mitigation) and BB2 (adaptation).

Stakeholder Engagement, Information Disclosure and Monitoring Arrangement. VPBank discloses a summary of its ES commitments and ESMS on its website both in [English](#) and [Vietnamese](#) languages. Where applicable and in line with

	<p>national regulations, VPBank will require that all sub-borrowers disclose ES information and conduct stakeholder engagement activities during the sub-loan tenure. VPBank shall also include such requirements as covenants and disbursement conditions in sub-loan agreements. VPBank will be required to publish retrospectively and to report to AIIB an annual summary of the ES aspects and overview of the project's ES performance. During project implementation, AIIB will require submissions of relevant ES documentation and ES monitoring reports from VPBank in an agreed format, providing update on the implementation of the enhanced ESMS and a summary of the ES performance of each sub-project. AIIB will conduct post-reviews of the selection and implementation of sub-projects as part of its regular supervision, comprising of engagement with VPBank, potential site visits and detailed review of the ES documentation of selected sub-projects.</p> <p>Project Grievance Redress Mechanism (GRM). VPBank has a fully functional External Communication Mechanism (ECM) (https://www.vpbank.com.vn/en/ho-tro-ngay#support-customer-feedback-content) for their general operations, including for the proposed Project as project GRM, to address third-party views, enquiries or concerns regarding their own ES processes and outcomes. During the ESDD for the first loan to VPBank, the current ECM was reviewed and found to be accessible and satisfactory. VPBank will require sub-borrowers undertaking Category A and high-risk Category B to establish or maintain the GRM at sub-project level that are commensurate with the ES risks of the sub-projects. Lower-risk investments (Category C or lower risk Category B) undertaken by MSMEs and/or individuals under retail on-lending modality will rely on VPBank's GRM and as a second tier on the national system, which encompasses grievances from customers or anyone reporting social and environmental violations. VPBank's ESDD process will check whether eligible sub-borrowers have a mechanism, procedure, or process to receive and resolve grievances of Project-affected People. The GRM for lower-risk (as specified above) sub-projects may utilize existing formal or informal mechanisms, provided they are functioning and fit for purpose of the sub-borrower's operations. The information of the GRMs and Bank's Project-affected People's Mechanism (PPM) will be disclosed timely in an appropriate manner.</p>	
Cost and Financing Plan	Term loan of up to USD 150 million	
Borrower	Viet Nam Prosperity Joint Stock Commercial Bank (VPBank)	
Estimated date of disbursement	Q1 2025	
Contact Points:	AIIB	VPBank
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Date of Concept Decision	03/23/23	
Date of Final Decision	06/17/24	
Date of Financing Approval	08/22/24	

Independent Accountability Mechanism	<p>AIIB's Policy on the PPM applies to this Project. The PPM has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the environmental and social policies applicable to the Project in situations when their concerns cannot be addressed satisfactorily through the Project-level GRM or the processes of AIIB's Management. Information on AIIB's PPM is available at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html.</p>
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