INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	BANGLADESH	Project Title:	Loan to Eastern Bank for Sustainable Projects in the Textile and Garment Sector
Lending/Financing Modality:	Financial Intermediary	Department/ Division:	Private Sector Operations Department / Financial Institutions Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The proposed project will support the expansion of existing factories or construction of new textile and garment factories that meet the structural, fire, and electrical safety standards as specified by the Accord on Fire and Building Safety in Bangladesh or the Alliance for Bangladesh Worker Safety. Bangladesh is the world's second largest exporter of textile. Data from the Bangladesh Garment and Manufacturers and Exporters Association (BGMEA) indicated that for the year 2015-2016 the RMG sector had a total of 4,328 factories and accounted for 82% of its total exports.[a] The sector employs over 4 million workers, of which nearly 85% are women.[b] The project supports three priorities identified by the mid-term review of Strategy 2020, i.e. poverty reduction and inclusive economic growth; environment and climate change; private sector development and operations. The investment is in line with the country partnership strategy (CPS) for Bangladesh (2011-2015) which requires environmental consideration to be integrated into sector interventions. The CPS for Bangladesh also calls for the prioritization of private sector development to accelerate growth by developing the finance sector with an emphasis on clean energy, infrastructure finance and credit for small and medium-sized enterprises. The project is also aligned with CPS thematic driver on gender equity which encourages mainstreaming gender in the ADB operations in Bangladesh.

B. Poverty Targeting:

☒General Intervention ☐Individual or Household (TI-H) ☐Geographic (TI-G) ☐Non-Income MDGs (TI-M1, M2, etc.)

The proposed investment is expected to have strong development impacts of (i) improved health and safety of textile workers in Bangladesh; and (ii) additional employment opportunities for the labor force.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The textile and clothing sector plays an important role in the Bangladesh economy. The textile and garment industry generated export earnings of $24 billion and contributed to about 15% of gross domestic product of the country in FY 2014.[c] The industry employs 4 million workers, mostly women.

The Tazreen Fashions fire and Rana Plaza Building collapse in the country were considered large industrial disasters. These claimed the lives of thousands of garment workers. ILO facilitated a dialogue among government, employers, workers and other stakeholders leading to the formulation of the Tripartite Joint Statement on Building and Fire Safety which required the inspection of all RMG factories for structural, electrical and fire safety aspects.[d] While the sector offers an opportunity to ease the employment conditions and provides income to the labor force especially the poorer segment of the population, it is vital that safe working conditions are ensured for the workers.

2. Impact channels and expected systemic changes. The proposed project, which supports expansion of existing RMG factories and construction of new ones, is expected to have strong development impacts, including: (i) increased job opportunities for the labor force, translating into an income source for the poorer section of population, and (ii) improved health and safety of textile and garment workers in Bangladesh.

3. Focus of (and resources allocated in) the PPTA or due diligence. Assess the social management system to process subprojects that may have land acquisition and indigenous peoples impacts. Identify possible gender measures to help improve welfare and opportunities of women in the garment factories to be financed by ADB.

4. Specific analysis for policy-based lending. NA

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? Out of the 4 million garment workers in Bangladesh, nearly 85% are women. After the tragedy of Tazreen Fashions fire and Rana Plaza collapse, unprecedented efforts from government, garment buyers, and international organizations were made to enhance workplace safety and improve workers' rights in RMG sector benefiting workers especially female workers. The proposed project will further support the improvement of RMG factories in Bangladesh and will benefit female workers working in the RMG sector.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?
☒ Yes   ☐ No   Please explain. Majority of the garment workers are women. The project will help promote and

encourage welfare and opportunities by exploring gender measures including: (i) integration in the factory design to have suitable toilet facilities for female and male workers; (ii) the garment factory borrowers will provide training on workplace safety for all female and male workers; (iii) establishment of healthcare facilities in each factory for female and male workers.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?
☐ Yes   ☒ No

4. Indicate the intended gender mainstreaming category:
☐ GEN (gender equity)   ☒ EGM (effective gender mainstreaming)
☐ SGE (some gender elements)   ☐ NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. The project stakeholders include EBL and their borrowers in the textile and garment, national and local government, regulatory agencies, and the project beneficiaries (employees of textile factories). The participation of stakeholders and beneficiaries will be included in the updated environment and social management system (ESMS) of EBL.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?
EBL carries out due diligence and consults with its borrowers and stakeholders at the proposed sites of investment activities. The consultation process with relevant stakeholders will be incorporated in the ESMS.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?
M☒ Information generation and sharing ☐ Consultation   L☒ Collaboration   ☐ Partnership
EBL will work with ACCORD and Alliance in conducing audit in the factories to be financed by the loan.

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? ☐ Yes   ☒ No   Consultation with relevant stakeholders will be reflected in the ESMS.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category ☐ A ☐ B ☐ C ☒ FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? ☐ Yes   ☒ No   The proposed ADB funded sub-loans of EBL will support mainly the construction or expansion of garment factories and improvement of existing factories to meet standards of fire and building safety which are likely to have minor impacts on involuntary resettlement. Sub-loans classified as categories A for IR will be disqualified for ADB financing.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?
☒ Environmental and social management system arrangement

B. Indigenous Peoples Category ☐ A ☐ B ☐ C ☒ FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples?   ☐ Yes   ☒ No
2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? ☐ Yes   ☒ No   The proposed ADB funded sub-loans of EBL will support mainly the construction or expansion of garment factories and improvement of existing factories to meet standard of fire and building safety which are unlikely to have any impacts on indigenous peoples. Sub-loans classified as categories A and B for IP will be disqualified for financing. EBL does not expect to finance factories that will be located in areas with IPs.

3. Will the project require broad community support of affected indigenous communities? ☐ Yes   ☒ No
4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?
☒ Environmental and social management system arrangement

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?
L☒ Creating decent jobs and employment   M☒ Adhering to core labor standards   ☐ Labor retrenchment
☐ Spread of communicable diseases, including HIV/AIDS   ☐ Increase in human trafficking ☐ Affordability

☐ Increase in unplanned migration   ☐ Increase in vulnerability to natural disasters ☐ Creating political instability ☐ Creating internal social conflicts   ☐ Others, please specify _____
2. How are these additional social issues and risks going to be addressed in the project design?
VI.   PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT
1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified?   ☒ Yes   ☐ No ADB team included in its due diligence assessment of social safeguards procedures of EBL and will explore measures to improve opportunities and empowerment of women workers in the RMG factories to be financed under the ADB loan.
2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence?   ADB team conducted due diligence mission and reviewed relevant documents to identify gaps and explore gap-filling measures, as required.

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[a] BGMEA. Comparative Statement on Export of RMG and Total Export of Bangladesh available at http://www.bgmea.com.bd/home/pages/TradeInformation.
[b] Bangladesh Bank. Quarterly Review on RMG: January-March 2016. Dhaka.
[c] International Finance Corporation. 2015. Transforming Bangladesh's Garment Sector. Washington DC.
[d] ILO. April 2016. Strengthening Workplace Safety and Labour Rights in the Bangladesh Ready-Made Garment Sector. Dhaka, Banglesh.