SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

| Country: | People's Republic of Bangladesh | Project Title: | Third Public–Private Infrastructure Development Facility |
|--------------------------------|------------------------------------|--------------------------|---|
| Lending/Financing Modality: | Multitranche Financing Facility | Department/ Division: | South Asia Department Public Management, Financial Sector, and Trade Division |

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: General Intervention

1. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy As part of its Vision 2021 overall development plan for 2010–2021, a the Government of Bangladesh is supporting inclusive and sustainable growth to reduce poverty and help the country move toward middle-income country status by 2021. Its seventh five-year plan is aiming for annual gross domestic product (GDP) growth of 8% during 2016–2020 and a rise in the investment rate from 29% of GDP in FY2015 to 35% by FY2020. Substantially faster growth and poverty reduction will require more private sector investment in the development of infrastructure to fill a significant current infrastructure deficit and supplement limited public fiscal ability to finance the needed fast-tracking of nationally important projects. The government will work to speed major highway, bridge, and power sector development projects to provide greater access to serviced land in more parts of the country to potential foreign and domestic investors. This will be part of a special economic zones initiative. The 2016–2020 five-year plan projects that about 78% of the incremental investment in the economy during the plan period will come from the private sector in Bangladesh and internationally.

The proposed Asian Development Bank (ADB) Third Public–Private Infrastructure Development Facility (PPIDF 3) will seek to leverage additional funding from other sources to develop more high-quality infrastructure in support of the government's growth and poverty reduction goals. PPIDF 3 aligns with the government's 2016–2020 five-year plan and with ADB's country partnership strategy for Bangladesh for 2016–2020, both of which stress the need to support private sector-led infrastructure development and public–private partnerships. ADB will continue to focus on easing infrastructure constraints in Bangladesh in such areas as transport, energy, and water and municipal services. It will work to help bring about greater private sector participation in infrastructure. Support for regional cooperation, gender mainstreaming, governance improvement, policy reform, institutional strengthening, and knowledge management will underpin ADB's activities. This is consistent with the priorities of ADB's midterm review of Strategy 2020.^c

- 2. Results from the Poverty and Social Analysis during PPTA or Due Diligence
- 1. Key poverty and social issues. Bangladesh made considerable progress on some of the Millennium Development Goals, including those related to reducing poverty, attaining gender parity in education, and lowering the child mortality rate in rural areas. A large number of people still live below the poverty line, especially in rural areas. As of 2016, about 25% of the country's poor are poor,^d and 13% live in extreme poverty.^e The government will facilitate increased investment in infrastructure, particularly private sector investment in public–private partnerships which will give the poor better access to economic opportunities and facilitate trade by improving transport. The government will also ensure financial sector stability to foster faster and more sustained economic growth, which will benefit the poor and vulnerable groups by 2020.
- 2. **Beneficiaries.** Since PPIDF 3 is a general intervention, all citizens will benefit, including the poor and the socially excluded.
- 3. **Impact channels.** The enhanced access to basic infrastructure that PPIDF 3 will help provide will have a direct impact on poverty reduction. Improved infrastructure assets will help the poor become more productive. It will improve their opportunities to gain employment and to access markets to generate greater income. It will also provide them with better basic infrastructure facilities and services. A stronger infrastructure base for the economy will enable better investments in human capital and reduce the vulnerability of the poor to economic shocks. Public policy reform and investments in physical infrastructure through PPIDF 3 will significantly contribute to the pursuit of socially inclusive development.
- 4. Design features. PPIDF 3 provides limited opportunity for specific pro-poor design. Grant financing will be allocated for renewable energy and energy efficiency subprojects, and the financing of electrification through renewable sources of energy in off-grid areas (particularly in rural areas) will improve the well-being of people in these areas, including the poor. Making energy more available in off-grid areas will provide greater business and educational activities and opportunities. Key impacts on poverty expected to result will be through (i) enhanced investment levels and growth, (ii) greater affordability of high-quality services provided by new infrastructure, including through energy efficiency and renewable energy interventions, and (iii) more opportunities for businesses to create employment for and provide greater income to unskilled urban and rural workers.

II. PARTICIPATION AND EMPOWERING THE POOR

- 1. Participatory approaches and project activities. PPIDF 3 is a financial intermediary (FI) loan. The ADB funds will be used for onlending to eligible subprojects identified by Infrastructure Development Company Limited (IDCOL). IDCOL will conduct due diligence of candidate subprojects and ensure that the subproject developers and/or sponsors understand and comply with the environmental and social safeguards requirements of ADB and the government. IDCOL will ensure through its environmental and social management unit that all subborrowers are informed of the commitment of the government and its agencies through their policies, laws, and regulations to gender equality and women's empowerment. More specifically, IDCOL will disseminate information to its subborrowers on (i) the government's 2011 national women development policy, which is reflected in the seventh five-year plan for FY2016–FY2020; and (ii) a circular issued by the central bank's department of financial institutions and markets on mainstreaming corporate social responsibility in financial institutions that requires financial institutions to report biannually on performance indicators related to gender equality.
- Civil society organizations. IDCOL will be required to conduct consultations with civil society organizations for ADB-funded subprojects on environmental and social safeguards issues. The consultations will help the subproject developer establish an environmental impact assessment or the subproject information memorandum. Based on these, an environmental and social management system will be prepared and impact mitigation undertaken wherever necessary.
- 3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):

 H Information gathering and sharing M Consultation L Collaboration L Partnership

II. GENDER AND DEVELOPMENT

Gender mainstreaming category: Some Gender Elements

will include mitigation measures if required.

- A. Key issues. Women will benefit from PPIDF 3 by gaining better access to infrastructure services and priced at more affordable levels. Women entrepreneurs have suffered due to lack of regular power supply. The lack of good roads for market access has required them to walk through difficult terrain. By helping to provide regular water supply and adequate drainage, PPIDF 3 will improve working conditions for women employees. Improvements in infrastructure will provide health and educational benefits for women and other vulnerable groups. Women will benefit as well as men from the requirements that PPIDF 3-funded subprojects conform to the environmental standards of the government and ADB.

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Safeguard Category: A B C SFI

- 1. Key impacts. No significant resettlement is expected because category A subprojects are excluded from PPIDF 3 funding. Land for subprojects will generally be acquired prior to ADB funding or through negotiated settlement. Projects usually come to IDCOL after the technical closure and any activities pertaining to land acquisition and compensation have already been initiated and/or accomplished. IDCOL's environmental and social safeguards framework (ESSF) details how involuntary resettlement impacts are to be either avoided or addressed. This starts with screening of impacts and exclusion of category A subprojects. The IDCOL ESSF states that, "no land acquisition will be financed under the credit. Land, whether made available via direct purchase, leasing or government owned will be screened to ensure that no physical or economic displacement of communities/persons will take place." Subprojects financed under PPIDF 3 do not therefore trigger involuntary resettlement impacts.
- 2. Strategy to address the impacts. IDCOL's ESSF was developed in 2011 with ADB technical support to ensure that it was consistent with ADB Safeguard Policy Statement (2009).⁹ Capacity building under the technical assistance attached to PPIDF 3 will include revisions to the ESSF to incorporate the 2015 changes in the draft guidelines of the central bank on environmental and social risk management for banks and financial institutions,^h streamline the assessment and review procedures of subprojects, draft a brief primer and/or manual on how sponsors can best manage the impact and risks of subprojects, and accommodate the proposed expansion of the market for infrastructure finance through take-out financing to be introduced under PPIDF 3. Subprojects will continue to be reviewed and assessed based on the revised ESSF. The due diligence reports will then be submitted to ADB for verification and clearance.

| | ☐ Resettlement plan ☐ Combined resettlement and indigenous peoples plan | | | | |
|-----|---|--|--|--|--|
| | Resettlement framework | | | | |
| | ☐ Environmental and social management peoples planning framework | | | | |
| | system arrangement Social impact matrix | | | | |
| B. | | | | | |
| 1. | Key impacts. Per ESSF guidance, there Is broad community support triggered? Yes No | | | | |
| ٠. | are no anticipated impacts on indigenous | | | | |
| | peoples because no subprojects will be | | | | |
| | located in indigenous peoples regions. | | | | |
| 2. | | | | | |
| 3. | Plan or other actions. | | | | |
| | ☐ Indigenous peoples plan ☐ Combined resettlement plan and indigenous | | | | |
| | Indigenous peoples planning framework peoples plan | | | | |
| | | | | | |
| | arrangement indigenous peoples planning framework | | | | |
| | Social impact matrix Indigenous peoples plan elements integrated in | | | | |
| | No action project with a summary | | | | |
| Α. | V. ADDRESSING OTHER SOCIAL RISKS A. Risks in the Labor Market | | | | |
| 1. | | | | | |
| ١. | and low or not significant (L). L unemployment L underemployment L retrenchment L core labor standards | | | | |
| 2. | | | | | |
| | Affordability | | | | |
| | Not applicable. | | | | |
| C. | | | | | |
| 1. | | | | | |
| | L Communicable diseases L Human trafficking ☐ Others (please specify) | | | | |
| 2. | | | | | |
| | that the construction workers and employees of the companies building and managing the subprojects are aware | | | | |
| | of the human immunodeficiency virus (HIV) risks. VI. MONITORING AND EVALUATION | | | | |
| 1. | Targets and indicators. As an FI operation, PPIDF 3 aims mainly to catalyze (i) \$650.0 million of private sector | | | | |
| ١. | investment in eligible infrastructure subprojects to be catalyzed through the ADB ordinary capital resources | | | | |
| | component of the multitranche financing facility; and (ii) \$15.0 million of private sector investments for renewable | | | | |
| | energy and energy efficiency subprojects to be catalyzed under the Asian Development Fund component of the | | | | |
| | facility. The financial closing target date for subprojects to be financed under PPIDF 3 is FY2023. | | | | |
| 2. | | | | | |
| | subproject owner, which will be a special purpose vehicle, in terms of monitoring for performance. | | | | |
| 3. | Information in the facility administration manual. Project review and monitoring will be submitted by IDCOL to | | | | |
| | ADB annually in the form of audit sheets and performance reports to report on IDCOL's monitoring of compliance | | | | |
| | with the ESSF and environment and social safeguards as prescribed in the ADB Safeguard Policy Statement. | | | | |
| 4. | Monitoring tools. IDCOL, as the project FI, will serve as the intermediary between ADB and the project owner in | | | | |
| a 🖚 | terms of monitoring for performance. | | | | |
| | he Vision 2021 is the government plan that lays down the social and economic progress it aims for the country to | | | | |
| | achieve by 2021. It includes the targets of the five-year plans for FY2011–FY2015 and FY2016–FY2020. Government of the People's Republic of Bangladesh. Perspective Plan of Bangladesh 2010–2021: Making Vision | | | | |
| | 2021 A Reality. | | | | |
| | ottp://bangladesh.gov.bd/sites/default/files/files/bangladesh.gov.bd/page/6dca6a2a_9857_4656_bce6_139584b7f16 | | | | |
| | 0/Perspective-Plan-of-Bangladesh.pdf (accessed 16 November 2016). | | | | |
| | ADB. 2016. Country Partnership Strategy: Bangladesh, 2016–2020. Manila. | | | | |
| | ADB. 2008. Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific. Manila. | | | | |

Plan or other Actions.

Resettlement plan

 ^g ADB. 2009. Safeguard Policy Statement. Manila.
 ^h Bangladesh Bank. Guidelines on Environmental and Social Risk Management for Banks and Financial Institutions. https://www.bb.org.bd/aboutus/draftguinotification/guideline/esrm_bankfi_draftv.pdf (accessed 16 November 2016).
 Source: Asian Development Bank.

^e The government's household income and expenditure survey for 2010 defined the extreme poor as individuals

Infrastructure Development Company Limited. 2011. Environmental and Social Safeguards Framework (ESSF)—

Policy and Procedures. http://idcol.org/download/1d8514287c3e7cda76423b33a781f79c.pdf

^d The government defines poverty as income of less than \$1.25 per day.

whose food intake was equal to or less than 1,805 kilocalories per day.